



Home Office

Amendments to The Firefighters’ Pension Scheme (England) Regulations 2014 (S.I. 2014/2848)

Proposed updates to Member Contribution Structure

Consultation questions

This consultation begins on 20 November 2024

This consultation ends on 29 January 2025

About you

Please use this section to tell us about yourself.

These questions are optional.

Q1. In what capacity are you responding to this consultation?

Other

If 'other' please let us know more details

[Chair of Firefighters' Pension Scheme (England) Scheme Advisory Board]

Q.2 If you are a representative of a group or force, please tell us the name of the group (for example FBU or LGA)

Please also indicate if you agree for your response to be made public and associated with the group or if you would like to remain anonymous.

[See above. To be decided]

Consultation questions

To ensure compliance with data protection legislation, we request that you do not provide any personally identifiable information (for example, names, dates, and locations) in your answers to the following questions:

Q1. What is your preferred tiering option to determine a members contribution tier?

[delete as applicable]

~~**Option 1:** Increase tiers by known pay increases.~~

Option 2: Add an additional tier and modify the gap between tiers.

~~**Option 3:** Marginal system.~~

If necessary, please concisely explain your answer.

The SAB has considered the options in the light of the priorities listed in 1.8 of the Consultation paper. Ease of administration is also a priority and whilst the marginal system has advantages in terms of preventing cliff edges consultation sessions have shown that it is overly complex to deliver. Hence option 2 is our preferred option. We believe that it is important that if possible option 2 is designed so that

- Tier 1 has members within it who are on a contribution rate slightly lower than currently in order to encourage take up.
- The upper salary end of Tier 2 is increased to ensure that it is aligned with both the availability of higher rate tax relief and to avoid cliff edges which may affect promotions.
- The contribution rates and salary levels are also set so that moving from Tier 3 to Tier 4 is beneficial to the member in spite of higher contribution levels taking into account likely tax relief.
- It is recognised that only a small element of pay is likely to be for members in Tier 5.
- The design of Option 2 also needs to consider how pensionable allowances might affect the bands. For example, it may be desirable for the bands to be based on salary before such allowances to remove the risk that such allowances are essentially swallowed up by the increase in the contribution rate.

Q2. What is your preferred option to determine a members contribution threshold?

[delete as applicable]

~~**Option 1:** WTE to determine which contribution rate a member will pay~~

Option 2: Use the previous year's pay to determine which contribution rate, without any adjustment at the end of each scheme year.

~~**Option 3:** Use the previous year's pay to determine which initial contribution rate as in option 2, then adjust for actual pay at the end of the scheme year.~~

If necessary, please concisely explain your answer.

We believe that it will be appropriate to keep the contribution design as simple as possible. We understand that the suggested approach is consistent with LGPS. However, using previous year's pay may cause potential issues. Some possible examples are:

- Whether this information will be available in time,
- Whether inconsistency in recording/labelling of this data will cause discrepancies in the contribution rates applied between different FRAs / administrators.
- Whether volatile hours history from year to year (possibly linked to parental leave) could cause problems.

Q3. What is your preferred futureproofing option to avoid future misalignment?

[delete as applicable]

~~**Option 1:** Manually uplifting thresholds in line with the pay awards.~~

Option 2: Automatically increase thresholds in line with the consumer price index (CPI).

If necessary, please concisely explain your answer.

We believe that manual uplifting may lead to retrospective changes part way through a year and would prefer the simplicity of an index.

We recommend that AWE should be used and would be more consistent with our scheme design, given its use for revaluation purposes.

Q4. Do you believe that your preferred contribution structure option, which you indicated in Q1, is administratively sustainable?

[delete as applicable]

Yes

No

Don't know

If necessary, please concisely explain your answer.

There does need to be an ability to regularly review the structure and change it if it fails on administration or fairness grounds.

Q5. Are there any other proposals for achieving the target yield through contribution structures that you would like to be considered which have not been considered or proposed in this consultation?

[delete as applicable]

Yes

No

Don't know

If yes, please outline the proposal(s).

[Please type your response here]

Q6. Do you anticipate any equality issues arising from the implementation of these proposals?

[delete as applicable]

Yes

No

Don't know

If yes, please explain the issue(s) and cause(s).

We note that Q2 considers the time frame over which earnings might be assessed but does not explicitly split out questions about whether WTE or part time pay should be used to determine the applicable rate. Our view is that it should be the latter as we believe that this reduce the risk of claims for indirect discrimination .

How to respond

Please respond by 29 January 2025.

You can email your response to:

firepensionspublicservicepensionsremedy@homeoffice.gov.uk

Or you can post your response to:

Fire Member Contribution Consultation Structure

Police Workforce and Professionalism Unit

Home Office

6th Floor, Fry Building

2 Marsham Street

London

SW1P 4DF



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