

Member Contribution Structure

Consultation Outcome



Recap

Why is a change needed?

- To meet the target yield of 13.2%
 - Current methodology is 0.2% lower than what is required.

Presents opportunity...

- To ensure that the contribution structure aligns with the current workforce requirements.

Agreed priorities – MHCLG and SAB



Encouraging scheme participation by protecting lower-paid members from disproportionate increases.



Supporting career progression by smoothing contribution increases on promotion.



Ensuring that the scheme remains sustainable and a valuable part of the reward package and affordable to all members.

Confirmed changes



New contribution structure



New contribution threshold assessment



Introduction of futureproofing mechanism



Effective from 1 April 2026

New contribution structure – Key changes

Additional tier

- Increase the tiers from four to five

Amendment to the percentage rates

Widening of salary thresholds

Comparison table

Existing structure

Pensionable pay (FTE)	Contribution rate
Up to £27,818	11.0%
£27,819 to £51,515	12.9%
£51,516 to £142,500	13.5%
£142,501 or more	14.5%

New Structure wef 1 April 2026

Actual pensionable earnings	Contribution rate
Up to £36,130	11.09%
£36,131 to £45,407	12.59%
£45,408 to £66,908	14.09%
£66,909 to £190,691	15.590%
£190,692 or more	17.09%

Contribution thresholds determinations – Key changes

Move from WTE to actual pay

- Increased fairness for part-time and retained staff
 - Contributions remain proportional to what members earn

Assessment undertaken annually on 1 April

- Determines the contribution rate* for the year (1 April to 31 March)

Assessment needed for new starters

- Determines the contribution rate* for the remainder of the year (up to 31 March)

*Allowances required for material changes

- Adjustment to banding required should a material change arise

More on material changes



Definition: Permanent or long-term alteration in pensionable pay

- Examples: Change in working pattern (PT to FT or vice versa), Promotion, Demotion, Pay award, Increase or decrease in pensionable allowances.



Definition: Short term or one-off fluctuations

- Back dated pay arrears paid in a single month



FRAs are to have a written policy on:

- How the contribution rate is determined in the first instance i.e. 1 April or date joining
- How material changes are assessed and accounted for.

Futureproofing

Current model = zero

- Contribution structure determined by FPS 2015 regulations

Future model = Aligned with CPI

- Effective from 1 April 2027
- To use the CPI rate from September of the previous year
 - For example: 2027 increases based on September 2026 CPI rate.

Still to come....

SI to support the response

- Amendments to the 2015 Scheme (England) Regulations 2014
 - To be made in early 2026
 - To take effect from 1 April 2026

Member communications

- Letter template
- Updates to member website
 - Both expected early 2026

Suggested next steps for FRAs

Read the consultation response in full

[Amendments to The Firefighters' Pension Scheme \(England\) Regulations – member contribution structure: government response - GOV.UK](#)

Payroll configurations

- Ensure that payroll colleagues and your payroll system provider are aware of the changes and the timeframes to comply within.

Update policies

- To cover the annual assessment and the impact of pay changes during the year.

Inform your administrator of the policy position

- This is to prevent any unnecessary queries when reporting pay and contributions to them.

*Member communications

- Ensure that members are aware of the changes
- *LGA to provide sector with template comms.

Any questions



Q&A from the meeting

Question about retained firefighters and how to assess their band

Suggested, by the LGA that the appropriate band on 1 April would be in the lowest band. MHCLG confirmed that based on the modelling undertaken by GAD the average earnings of a retained firefighter is 24% of a wholetime firefighter, so the majority of retained firefighters will remain in the bottom band for the whole year. It was acknowledged that there may be circumstances where their actual earnings are above the lowest band threshold. In these circumstances it was suggested that there will be enough flexibility in the regulations to move to a higher band when the earnings threshold has been breached as this would signify a material change. MHCLG confirmed that how an FRA assesses actual pay for a retained firefighter should be covered within the FRA's policy.

Question about a firefighter starting employment part way through the year.

- For example: A firefighter commenced employment in September, which band is appropriate? Should they be assessed on their annual pay figure, or should they be assessed on their projected actual pensionable earnings in the remaining period up to 31 March?

The LGA suggested that, given that the assessment is based on actual pay, it seems appropriate to select the banding based on their projected actual earnings, with a view of amending the banding if there is a material change.

MHCLG assumed that their banding would be brought in line with similar paid colleagues but acknowledged that an alternative approach may be taken given the fact that any assessment is based on actual pay.

MHCLG confirmed that this should be included within the FRA's policy and that there is the flexibility to allow them manage this.

Question about a mid-year Interbrigade transfers

- It was suggested that in the circumstance of an interbrigade transfer it would seem reasonable for the current FRA to understand the actual pensionable pay earned to date from the previous FRA, this should then be added to the projected actual pensionable earnings to determine the correct contribution band for the remainder of the period.

Question about whether CPD should be included in a banding assessment

As this is pensionable pay, it was agreed that you would include it in any banding assessment.

Question about an individual leaving part way through the year

It was asked whether there was any requirement to adjust and reimburse members should they leave mid-year and it be deemed that the actual earnings they received do not correspond with the correct banding.

MHCLG confirmed that once the assessment has been carried out they would not expect any adjustments to be made back to the individual.

Question raised regarding FBU support for the revised member contributions

MHCLG confirmed that the FBU is fully aware and supportive of the SAB's work in this area and the objectives set. Therefore, they do not expect the FBU to be surprised by the consultation outcomes.

Question raised about whether if you have more than one FRA with the same payroll provider, should they have the same policy

The consultation response confirms that there is a requirement for each FRA to have a policy on how they determine contribution bandings and when they may be subject to change. However, there is nothing to stop the FRAs who share the same payroll provider agreeing to implement the same policy, providing that it is the right thing for that FRA

Concern was raised about an increased administrative burden and pressure on configuring payroll systems

The LGA acknowledged that there will initially an increased administrative burden as payroll will need to be configured in line with the consultation outcome and the FRAs policy position. Going forward there would be a requirement to ensure that the bandings are uplifted in line with CPI.

Question raised about frequency of banding assessments; it was felt that the guidance was unclear on whether an assessment should be conducted monthly or annually

It was clarified that monthly assessments are intended to check for any material changes. The option to conduct these assessments monthly is provided to give FRAs flexibility; it is not mandatory. Caution was advised against assessing retained firefighters on a monthly basis, as this could inadvertently result in higher contribution rates if there was a spike in earnings in that month. Instead, it is suggested that retained firefighters are allocated to the bottom band from 1 April or date joining, with FRAs keeping a close assessment on whether this is the appropriate band throughout the year.

Question raised about the consequence of mid-year pay awards pushing members into a higher contribution band

The LGA confirmed that backdated pay arising in a single month, in accordance with the information provided in the consultation outcome, **does not** constitute material change and this event alone should not result in a change in bandings. It is possible that any pay rise would cause a members projected actual earnings to go into a different contribution band, in which case this would be deemed material and a change of banding in line with the FRAs policy will be made. It is equally possible that if the pay award happened on time the material change would have happened sooner, again the FRAs policy should dictate whether any retrospective adjustment to bandings is required.

Questions from the chat...

Is there any impact on Employer contributions?

The employer contribution rate is assessed through the valuation process, which GAD are currently in the process of reviewing.

Does band apply to the individual or employment?

The consultation responses covers this as follows:

- Multiple employments: If the member has more than one firefighter job, each job is treated separately. A distinct contribution rate is set for each employment based on the actual pay for that specific role.

Will this affect PIA? If individuals are paying more into their pension will they breach the Annual Allowance limit sooner?

No impact on PIA, as this is based on the pension built up over the year (which in a scheme like the Fire Scheme isn't directly linked to contributions made by the member).

If someone has a on call contract and WT which are two separate contracts, each would need to be assessed independently?

Yes, separate assessments are needed.

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Thank you for listening!

Claire.johnson@local.gov.uk