

Compliance

Firefighters' Pension Schemes annual update

Contributions banding

The [contributions banding factsheet](#) reminds Fire and Rescue Authorities (FRAs) of the contribution rates that apply for 2023/24 as set out in the scheme regulations.

FPS 2015 Additional Pension purchase limit for 2023/24

As detailed in [FPS Bulletin 2](#), no determination under [rule 2, \(1\)\(b\)\(i\) of schedule 1](#) was made by HM Treasury (HMT) on the overall limit of extra pension for 2017/18. There has been no determination in any subsequent year.

Paragraphs (1)(b)(ii) and (2)(a)&(b) confirm that the limit on the Additional Pension that can be purchased in FPS 2015 is therefore increased on the 1 April for any scheme year beginning on or after 1 April 2016 as if it were a pension beginning on the first day of the previous scheme year to which the Pensions (Increase) Act 1971 applies.

The overall Additional Pension limit has increased by 10.1% to £8,032 from 1 April 2023.

Public Service Pension Indexation and Revaluation 2023

On 20 February 2023, HMT issued [written statement HCWS566](#) confirming the Public Service Pension Indexation and Revaluation for 2023.

Public service pensions will be increased in line with the annual increase in the Consumer Prices Index up to September 2022. The increase from 10 April 2023 is 10.1%, as set out in the [Pension Increase \(Review\) Order 2023](#) [SI 2023/338].

FPS 2015 will use the figure of 7% as set out in the [Public Service Pensions Revaluation Order 2023](#) [SI 2023/252] for the earnings element of revaluation for active members to be applied at one second after midnight on 31 March 2023.

HMRC limits applicable from 6 April 2023 – Annual and lifetime allowance

The Chancellor of the Exchequer announced in the 2021 Budget that the lifetime allowance (LTA) would remain at its current level of £1,073,100 until April 2026.

In the [Spring Budget 2023](#) delivered on 15 March 2023, the Chancellor announced that the standard LTA will remain at £1,073,100 but nobody will face an LTA charge for 2023/24. From April 2024, the LTA will be abolished completely.

However, the maximum tax-free cash that can be taken on retirement will be frozen at its current level of £268,275 (except where protections apply).

The following changes to Annual Allowance (AA) arrangements from 6 April 2023 were also announced:

- The standard annual allowance will increase from £40,000 to £60,000
- The money purchase AA will increase from £4,000 to £10,000
- The adjusted income for the tapered annual allowance will increase from £240,000 to £260,000
- The minimum tapered AA will increase from £4,000 to £10,000.

Table 1: Annual allowance limits 2023/24

Limit	Amount
Standard annual allowance	£60,000
Threshold income	£200,000
Adjusted income	£260,000
Minimum tapered annual allowance	£10,000

Automatic Enrolment Earnings Bands

Employers will need to know the earnings bands that apply for 2023/24 for the purposes of automatic enrolment under the Pensions Act 2008. The Government announced in its [review of the automatic enrolment earnings trigger for 2023/24](#) that the earnings trigger will remain at its current level of £10,000. This is unchanged since the 2015/16 year. The tables below show the position for the 2023/24 year.

Table 2: Automatic enrolment (AE) earnings bands 2023/24

Earnings*	Age 16-21	Age 22 to <SPA**	Age SPA** to <75
Under lower earnings threshold (£6,240)	Entitled worker	Entitled worker	Entitled worker
Between £6,240 and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

* Earnings: separate contracts are treated separately

** State Pension Age

Table 3: AE earnings bands per period

Pay reference period	Lower earnings threshold pa	Earnings trigger for automatic enrolment
Annual	£6,240.00	£10,000.00
6 months	£3,120.00	£4,998.00
3 months	£1,560.00	£2,499.00
1 month	£520.00	£833.00
4 weeks	£480.00	£768.00
2 weeks	£240.00	£384.00
1 week	£120.00	£192.00

Annual GMP increase

An increase of 3% should be applied on 6 April 2023 to the post-5 April 1988 GMP element of a pension in payment.

Some members will be entitled to a further increase to the post-5 April 1988 GMP on 10 April 2023 under the Pensions Increase (Review) Order 2023 if they reached State Pension age after 5 April 2016. If the Pensions Increase date is 26 April 2021 or earlier, a further increase of 7.1% is due to bring the total increase on the post-5 April 1988 GMP to 10.1%. The increase on 10 April 2023 is 7.1% of the post-5 April 1988 GMP in payment on 5 April 2023. The same increase will apply to the post-5 April 1988 GMP on 10 April 2023 if the individual reached State Pension age before 6 April 2016 and AC is less than GMP, i.e. paragraphs 3 to 6 of the [HMT Direction on section 59A of the Social Security Pensions Act 1975](#) apply.

If the individual reached State Pension age after 5 April 2016, a 10.1% increase applies on 10 April 2023 to the pre-6 April 1988 GMP element of the pension in payment. A pro-rata increase will apply if the member's PI date is after 26 April 2021. The same increase will apply to the pre-6 April 1988 GMP on 10 April 2023 if the individual reached State Pension age before 6 April 2016 and AC is less than GMP, i.e. paragraphs 3 to 6 of the [HMT Direction on section 59A of the Social Security Pensions Act 1975](#) apply.

The post 5 April 1988 GMP increase is set out in [The Guaranteed Minimum Pension Increase Order 2023](#) [SI 2023/270].

The Social Security Revaluation of Earnings Factors Order 2023

The [Social Security Revaluation of Earnings Factors Order 2023](#) [SI 2023/266] comes into force on 6 April 2023. The earnings factors are used to calculate a Scheme member's GMP. The percentage increase for the tax year 2023/24 is 7%. The increase is based on the increase in the general level of earnings in Great Britain.

All relevant legislation can be viewed on our website under [annual update Statutory Instruments](#).