

Circular



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Status:	For Action
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Title:	Firefighters' Pensions – 2016 Cost Cap Valuation Report and Employer and Employee Contribution Rates 2022 – 2023
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Issued by:	Steffan Herdman Fire Services Branch
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Addressed to:	Please forward to:
Chief Fire Officers Pension Officers Pension Scheme Administrators	Local Pension Board Chairs

Summary
<p>This circular provides a link to the final 2016 Cost Cap Valuation Report. It also confirms that both the employee and employer contribution rates remain unchanged from 2021-22. The employee contribution rates remain the same as those that came into effect in April 2018. The employer contribution rates remain the same as those that came into effect in April 2019.</p>

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Introduction

1. Under HM Treasury Directions, the Welsh Government are responsible for implementing any scheme changes, including changes to contribution rates, resulting from a valuation of the firefighter pension scheme in Wales. The Government Actuary's Department published its 2016 valuation report in February 2019, and provided the Welsh Government with scheme specific employer contributions rates which will apply until the results of the 2020 valuation are introduced in April 2024.
2. The Government established a cost control mechanism for public service pension schemes to ensure a fair balance of risks between scheme members and the taxpayer. The employer cost cap for the Firefighters' Pension Scheme (Wales) was set at 17.1% of pay, following the 2012 valuation. If at subsequent valuations the cost of the scheme is outside a corridor above / below the employer cost cap, the Public Service Pensions Act 2013 (the 2013 Act) requires action to be taken to bring costs back to the target cost.
3. The cost cap element of the 2016 valuation was paused in 2016, but has now been completed in compliance with HM Treasury Directions introduced in 2021. The cost of the scheme calculated in this cost cap valuation is 12.9% of pay above the employer cost cap. The result lies above the $\pm 2\%$ corridor: a 'ceiling breach'. The Public Service Pensions and Judicial Offices Act 2022 however provides that ceiling breaches from the 2016 cost cap valuation have no effect, and so no further action is required. A link to the Fire Fighter Pension Scheme (Wales) Cost Cap Valuation Report can be accessed [here](#).

Employee Contribution Rates from 1 April 2022 onwards

4. There is no change to overall employee contribution rates and contribution banding rates for 2022-23. FRAs should therefore continue to apply the contribution rates that came into effect in April 2018. A reminder of the employee contribution rates are provided below.

Contribution rate from 1 April 2018

Pensionable pay	The Firefighters' Pension Scheme 1992, (and Special Members of the 2007 Scheme)	New Firefighters' Pension Scheme (2007) in Wales
Up to and including £15,609	11.0%	8.5%
More than £15,609 and up to and including £21,852	12.2%	9.4%
More than £21,852 and up to and including £31,218	14.2%	10.4%
More than £31,218 and up to and including £41,624	14.7%	10.9%
More than £41,624 and up to and including £52,030	15.2%	11.2%

Pensionable pay	The Firefighters' Pension Scheme 1992, (and Special Members of the 2007 Scheme)	New Firefighters' Pension Scheme (2007) in Wales
More than £52,030 and up to and including £62,436	15.5%	11.3%
More than £62,436 and up to and including £104,060	16.0%	11.7%
More than £104,060 and up to and including £124,872	16.5%	12.1%
More than £124,872	17.0%	12.5%

Pensionable pay	Firefighters' Pension Scheme 2015
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%

Employer Contribution Rates from 1 April 2022 onwards

5. The employer contribution rates remain unchanged. FRAs should therefore continue to apply the contribution rates that came into effect in April 2019. A reminder of the employer contribution rates are provided below.

Pension Scheme	Employer Contribution Rate from 1 April 2019
The Firefighters' Pension Scheme 1992 - (including special members of the 'modified' 2007 scheme)	29.3%
The New Firefighters' Pension Scheme (Wales) 2007	26.6%
The Firefighters' Pension Scheme (Wales) 2015	27.3%

6. The employer contribution rate for the Modified section of the 2007 Scheme is the same as the 1992 Scheme employer contribution rate.

Ill-health additional contributions

7. Previous employer ill-health additional contributions continue to apply. Where a member has retired with an entitlement to the immediate payment of an ill-health pension, the FRA must pay an ill-health additional contribution. The ill-health additional contribution across the 1992, 2007 and 2015 schemes will continue as follows :-
- Higher tier ill-health additional contribution: 4 times pensionable pay (over the last 12 months)

- Lower tier ill-health additional contribution: 2 times pensionable pay (over the last 12 months)

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Welsh Government