

**FIREFIGHTERS' PENSION SCHEMES
2019/03**

WHO SHOULD READ: Chief Fire Officer of the Scottish Fire and Rescue Service
Payroll Managers
Pensions Administrators

ACTION: For information and action. Please draw this to the attention of payroll managers

SUBJECT: Employer and Member Contribution Rate from 1 April 2019

The purpose of this circular is to advise the employer and member contribution rates applicable for all 3 firefighter schemes to be applied from 1 April 2019.

Key Information in this circular

- 1. To confirm employer contributions will rise from 1 April 2019**
- 2. To advise member contributions remain unchanged and will continue from 1 April 2019**

Employer contribution rates from 1 April 2019

1992 Scheme	39.1%
2006 Scheme	24.5%
2015 Scheme	26.8%

The rates continue to take account of additional payments made for each ill-health retirement known as capital equivalent charges. These payments must be made for each and every ill-health retirement as part of the pension returns made to the Scottish Government. The charges remain for upper tier awards 4 x the average pensionable pay of the firefighter concerned and for lower tier awards 2 x the firefighters' average pensionable pay.

Background

Public service pension schemes, including the Scottish Firefighters' Pension Scheme, are subject to regular valuations to set employer contributions and measure any movement in the employer cost cap. Both the latest valuation and employer cost cap have been subject to discussion with the Scheme Advisory Board (SAB). The SAB is made up of representatives of the employer and members and provides advice to the Scottish Ministers on the desirability of changes to the design of the scheme and the implication of other policy issues.

The valuation confirmed that an increase in the employer contribution rates is required from 1 April 2019. The employer cost cap was also breached, requiring adjustments to be made to scheme benefits to reset the cap to its original value. The SAB had proposed a number of changes that could be applied to rectify the cost cap breach but these were still subject to consideration by the Scottish Ministers.

The Chief Secretary to the Treasury made a written statement on 30 January 2019 confirming that:

The planned increases to public service pension schemes' employer contribution rates will still go ahead from 1 April 2019.

Any Scheme improvements arising from the employer cost cap breach will be paused. This is because of the December 2018 Court of Appeal ruling that the "transitional protections" provided to members close to retirement as part of the 2015 reforms were unlawful discrimination. Although the UK Government is seeking permission to appeal this decision, the uncertainty of the potential costs this case may have on public service schemes means the cost cap rectifications for all schemes are paused.

The principle reason for employer contributions increasing is the UK Government's decision to reduce the discount rate used in the valuation process. A scheme valuation assesses what each scheme needs now in order to meet future liabilities and that feeds through to employer costs. Hence, a reduction in the discount rate feeds through to higher employer contributions.

Member contribution rates from 1 April 2019

Pensionable Pay Band	Firefighters' Pension Scheme 1992 and special members	Firefighters' Pension Scheme 2006
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%
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%



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Pensionable pay range for an employment	Firefighters' Pension Scheme 2015
Up to £27,818	11%
£27,819 to £51,515	12.9%
£51,516 to £142,500	13.5%
£142,501 or more	14.5%

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7 March 2019

Contact information

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