



Llywodraeth Cymru  
Welsh Government

**Number: WG50605**

Welsh Government  
Consultation Document

# Consultation on proposed amendments to the employee contribution rate structure within the Firefighters' Pension Scheme in Wales.

Date of issue: 12 November 2024

Action required: Responses by 4 February 2025

## Overview

We are consulting on suggested amendments to the Firefighters' Pension Scheme 2015 to make provision for a new employee contribution rate structure. Amendments would come into force from 1 April 2025.

## How to respond

To respond to this consultation, please complete the online form which can be accessed here:

<https://www.gov.wales/changes-employee-contributions-within-firefighter-pension-scheme>

Alternatively, respondents may use the separate response form provided, which can be emailed to

[fire@gov.wales](mailto:fire@gov.wales) or sent to the address below.

The closing date for responses is **4 February 2025**

## Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

## Contact details

For further information:

Fire Services Branch  
Welsh Government  
Rhydycar  
Merthyr Tydfil  
CF48 1UZ

Email: [fire@gov.wales](mailto:fire@gov.wales)

This document is also available in Welsh: [hyperlink](#)

## UK General Data Protection Regulation (UK GDPR)

The Welsh Government will be data controller for Welsh Government consultations and for any personal data you provide as part of your response to the consultation.

Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. The lawful basis for processing information in this data collection exercise is our public task; that is, exercising our official authority to undertake the core role and functions of the Welsh Government. (Art 6(1)(e))

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. In the case of joint consultations this may also include other public authorities. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation and that the Welsh Government may be under a legal obligation to disclose some information.

If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than three years.

### Your rights

Under the data protection legislation, you have the right:

- to be informed of the personal data held about you and to access it
- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
- for (in certain circumstances) your data to be 'erased'
- to (in certain circumstances) data portability
- to lodge a complaint with the Information Commissioner's Office (ICO) who is our independent regulator for data protection

For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the UK GDPR, please see contact details below:

Data Protection Officer:  
Welsh Government  
Cathays Park  
CARDIFF  
CF10 3NQ  
e-mail: [dataprotectionofficer@gov.wales](mailto:dataprotectionofficer@gov.wales)

The contact details for the Information  
Commissioner's Office are:  
  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire SK9 5AF  
Tel: 0303 123 1113  
Website: <https://ico.org.uk/>

## Background

1. The Firefighters' Pension Scheme offers retirement benefits to firefighters and their families on terms which reflect the particular challenges of the firefighting profession.
2. Until 2022, there were in total three firefighter pension schemes in Wales.
  - The Firefighters' Pension Scheme 1992 ("the 1992 Scheme")
  - The New Firefighters' Pension Scheme 2007 ("the 2007 Scheme") which includes a "modified scheme" for retained firefighters, modelled on the 1992 Scheme.
  - The Firefighters' Pension Scheme 2015 (FPSW) ("the 2015 Scheme")
3. However, following introduction of the Firefighters' Pension Scheme (Wales) (Amendment) Regulations 2022, the 1992 Scheme and 2007 Scheme closed, and all active scheme members transferred to the 2015 Scheme from 1 April 2022.
4. The Firefighters' Pension Scheme provides retirement benefits including a retirement lump sum, an annual pension that increases yearly in line with price inflation and pensions for surviving partners or dependent children.
5. The scheme is contributory. Members and their employers are required to pay towards the cost of benefits they build up in the scheme. An actuarial valuation is conducted every 4 years to ensure the level of contributions made by members and employers is adequate given the cost of pension benefits in payment. Unlike "funded" pension schemes (where contributions are invested, and pension benefits are paid from the returns on those investments), firefighters' pensions work on a cash basis: contributions from active members directly pay for the benefits of members who have already retired.
6. All active members of the Firefighters' Pension Scheme contribute to the scheme by paying employee contributions, which are normally deducted from salary. The employee contribution rate is a percentage of pensionable pay that each employee contributes to the scheme. The overall proportion of pensionable pay that members collectively are expected to contribute to the scheme is known as the yield. A yield of 13.2% of pensionable pay is required to ensure the future sustainability of the scheme. If the yield is not met, the cost of the scheme would fall unduly on taxpayers. Whilst the yield is a fixed percentage, it is calculated as an average across all employed firefighters. The current rules require active members to pay contributions based on a sliding scale of rates linked to their pensionable pay, as set out below:

<b>Pensionable pay range</b>	<b>Contribution rate from 1 April 2018</b>
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%

7. This, along with contributions to the now-closed 2007 and 1992 Schemes, was designed to produce a yield across all members of 13.2%, as required.

### **Main Issue**

8. At the last valuation exercise, the Government Actuary's Department ("GAD") identified that the yield achieved by the scheme was slightly lower than required at just under 13.0%. This may be because of the closure of the 1992 Scheme, which had higher contribution rates than the 2015 Scheme. Therefore, the contribution rate structure needs to change to achieve the 13.2% contribution yield at the next valuation exercise. Employee contribution rates have special protection under the Public Service Pensions Act 2013, and the Welsh Ministers can only change the rates if they first consult scheme members with a view to reaching agreement with them. This consultation describes a range of possible changes, to achieve the contribution yield whilst aiming to provide the best and fairest option for members as a whole

### **Principles for a new approach**

9. In theory, there is any number of ways in which contribution rates could be adjusted to meet the required yield. But we think it is important that the overall approach should reflect several principles. These are as follows.

#### ***Contributions should be affordable, and the changes should not induce members to opt out of the scheme***

10. The scheme overall has to achieve the target yield, which means that overall contribution rates now need to increase. However, we think the changes should be as modest as possible for all members. Sudden large increases in contributions for any group of members could cause genuine hardship. They could also induce members to opt out of scheme membership altogether. While all members have the right to do this, it can leave them without an adequate income in retirement, if they do not take out a personal pension instead. A high rate of opting out also makes it more likely that contributions will have to rise still further, as the cost of pension benefits now in payment would still need to be met by the remaining members.

#### ***Rates should be structured in favour of lower paid scheme members.***

11. As shown above, the current system has four bands of contributions based on an individual's wholetime equivalent pay. Higher paid members pay proportionately more of their salary in pension contributions than lower paid ones. We think that is fair and right, as it reflects that higher paid members will generally have a greater

disposable income. We propose to reflect this principle by retaining the banded structure, with increasing percentage contribution rates across the bands.

***Rates should not discourage career progression***

12. While it is fair that higher paid members should pay proportionately more, if this principle is taken too far, it could discourage members from seeking promotion. This would be especially so if there were “cliff edges” in the contribution rates: a modest increase in salary leading to a large increase in the contributions payable. We believe differences between the bands should remain broadly as they are now, to prevent this from happening.

***The contribution rate structure should be future-proofed***

13. The current structure of rates is now roughly 9 years old. When it was first introduced, many frontline firefighters were in the lowest contribution band, but pay increases since then have meant that very few now are: the basic salary for a competent firefighter is now well within the second band. As a result, the whole structure effectively has only 3 bands, which diminishes the protection it gives to lower-paid members. We believe the new approach should include some element of futureproofing, that is, a means of ensuring that contribution bands do not become out of date as a result of pay increases.

***The system should be straightforward to administer***

14. Firefighters’ pensions are managed by the three Welsh FRAs, supported by two local authorities (Carmarthenshire and Rhondda Cynon Taf) acting as scheme administrators. While they are perfectly capable of running the system effectively, major changes in pension scheme rules can create a significant burden requiring changes to software, work processes and staff training. We propose the contribution rate structure should be as simple as possible to manage and administer.
15. The Firefighters’ Pension Scheme Advisory Board for Wales (“SABW”), which is a statutory board comprising trade union and employer representatives, has agreed that these principles are valid, but we are interested in hearing other views too.

**Question 1 – How far do you agree that the new structure should be underpinned by the principles outlined above? Do you think some principles are more important than others?**

## **Options for change**

16. We have identified several ways in which we could change the contribution system to achieve the necessary yield. These are as follows.

### ***Option 1***

17. We could simply adjust the contribution rates for all bands as they currently are to achieve the target yield as per the below example. Please note that the figures contained in this consultation are for illustrative purposes only in order to show the effect of each option on the employee contribution rate. The figures are not final and are likely to change in practice. If this approach was adopted, all members' contributions would increase by 0.19%, which would equate to around £72 per year for a wholetime Firefighter and £141 per year for a Group Manager B.

**Option 1 – Adjustment of current contribution rate structure to achieve target yield.**

		Existing Structure		Updated Structure (increase of 0.19% to each rate)		Impact of change	
Grade	Actual Pay	Contribution rate	Gross contribution amount (annual)	Contribution rate	Gross contribution amount (annual)	Change in contribution rate	Change in gross contributions (annual)
Firefighter - Competent (Full-time)	£37,675	12.90%	£4,860	13.09%	£4,932	0.19%	£72
Firefighter - Competent (Part-time)	£25,000	12.90%	£3,225	13.09%	£3,273	0.19%	£47
Crew Manager Competent (full time)	£41,767	12.90%	£5,388	13.09%	£5,467	0.19%	£79
Watch Manager – Competent B (Full-time)	£46,707	12.90%	£6,025	13.09%	£6,114	0.19%	£89
Station Manager Competent B (full time with 20% pensionable flexi duty allowance)	£64,303	13.50%	£8,681	13.69%	£8,803	0.19%	£122
Group Manager - Competent B (Full-time with 20% pensionable flexi duty allowance)	£74,434	13.50%	£10,049	13.69%	£10,190	0.19%	£141
Area Manager Competent B (Full-time with 20% pensionable flexi duty allowance)	£86,465	13.50%	£11,673	13.69%	£11,837	0.19%	£164



18. However, we think that doing so would miss opportunities to make the system fairer and more robust, in line with the above principles.

19. In particular, we believe there is scope to consider the following issues:

- **Contributions based on marginal rates.**
- **Changing from wholetime equivalent to actual salary.**
- **Linking contributions to grade structure as set out in the Firefighters Terms and Conditions of Service (“the Grey Book”).**

20. This consultation document provides more detail on the proposed options outlined above and the rationale for these changes. We welcome responses from all those affected by and interested in the proposals.

### ***Option 2 - Contributions based on marginal and tiered rates.***

21. This option considers how contribution rates are applied to an individual member’s pensionable pay. Currently, a member whose wholetime equivalent salary falls within a given band pays the relevant rate of contributions for all of their pay. For instance, using current rates of pay, a wholetime Station Manager B earns £53,586 per year, exclusive of any allowances. That falls into band 3 in the current system, meaning the SM pays 13.5% of their gross pay (or £7,234) in pension contributions. This is sometimes called a tiered approach.

22. That approach has the advantage of simplicity but has some drawbacks. In particular, it means that when someone is promoted into a grade which takes them into a new contribution band, a significant part of the extra pay they receive is effectively taken away by the higher rate of pension contributions that then applies to their whole salary.

23. Using the same example, a wholetime Station Manager A who earns £50,041 per year falls into band 2 and pays 12.9% of their gross pay (or £6,455) in pension contributions. So, if they are promoted to Station Manager B, £779 of their pay increase of £3,545 is swallowed up in higher pension contributions. Under the current system, the same thing would happen if a pay award for all firefighters had the effect of moving pay for one grade from one band to the next. This could have the effect of discouraging firefighters from seeking career advancement, or of denying them the full value of a pay award.

24. An alternative and possibly fairer approach would be to apply the contribution rates on a marginal basis, similar in principle to how income tax is calculated. Under this system, all members would pay the band 1 rate of contributions on the proportion of their salary up to the top of band 1, the band 2 rate of contributions on the proportion of their salary between the top of band 1 and the top of band 2, and so on. This moderates the distorting effect of pay on promotion and of some pay awards, as above, and means that the effective contribution rate increases gradually as salary increases, rather than on a stepped basis. On the other hand, a marginal approach

would probably be more complicated to manage. It also effectively reduces the contributions paid by higher earners, so it diminishes the protection of the lowest paid. Using the same example as above, the Station Manager A would pay £5,926 in contributions and the Station Manager B would pay £6,396, so only £470 of the pay increase on promotion is taken up by higher contributions.

25. It's important to note that these figures simply demonstrate the different effects of the two approaches; if we were to move to a marginal approach, we would need to adjust the contribution rates to achieve the target yield, so these figures will not necessarily apply in practice.
26. The table below demonstrates how the marginal approach would affect contribution rates at each pay grade.

### Option 2 – Contribution rates based on a marginal approach

Grade	Actual Pay	Existing Structure		Updated Structure		Impact of change	
		Contribution rate	Gross contribution amount (annual)	Contribution rate	Gross contribution amount (annual)	Change in contribution rate	Change in gross contributions (annual)
Firefighter Competent (Full-time)	£37,675	12.9%	£4,860	12.73%	£4,796	-0.17%	-£64
Firefighter - Competent (Part-time)	£25,000	12.9%	£3,225	12.73%	£3,183	-0.17%	-£43
Crew Manager Competent (full time)	£41,767	12.90%	£5,388	13.21%	£5,517	0.31%	£129
Watch Manager – Competent B (Full-time)	£46,707	12.9%	£6,025	13.21%	£6,170	0.31%	£145
Station Manager Competent B (full time with 20% pensionable flexi duty allowance)	£64,303	13.50%	£8,681	14.33%	£9,215	0.83%	£534
Group Manager - Competent B (Full-time with 20% pensionable flexi duty allowance)	£74,434	13.5%	£10,049	14.33%	£10,666	0.83%	£618
Area Manager Competent B (Full-time with 20% pensionable flexi duty allowance)	£86,465	13.50%	£11,673	15.15%	£13,099	1.65%	£1,427

27. Overall, a marginal approach could be fairer to all and could involve less distortion. It is arguably not right that a general pay award for all firefighters could be of significantly less value to some if it took them from one band of contributions into another. Equally, firefighters could be discouraged from applying for promotion because a significant part of their salary increase would be lost in increased contributions.
28. However, there are drawbacks to this approach as it is more complex for both scheme members to fully understand and for scheme administrators to administer.

**Question 2. How far do you agree that employee pension contributions should be calculated on a marginal basis, rather than a tiered basis?**

**Option 3 - Linking contributions to grade, not salary**

29. This is a means by which the contribution structure could be future-proofed. It would link contributions to the grade structure set out under Section 3 of the Firefighters' Terms and Conditions of Service ("the Grey Book") rather than by financial banding, such that (say) all firefighters would pay the same rate, as would all watch managers, group managers and so on. An individual's pay entitlement is already linked directly to their role within the fire service. The grade / pay structure is standardised across the UK, which means that all individuals employed in the same grade earns the same basic salary, regardless of length of service. Linking contribution rates to grade would provide a clear and easy to understand structure that firefighters are already familiar with.
- 30 The model would be split in to 4 bands, Firefighter; Crew Manager / Watch Manager; Station Manager / Group Manager; and Area Manager and above. As now, employee contribution rates would increase in line with grade progression, such that firefighters would pay the lowest rate and Area Managers and above would pay the highest. We would not propose to distinguish between trainee, development and competent grades, nor between the "A" and "B" grades for Watch Managers to Group Managers. This approach would achieve the underpinning principle of ensuring that lower paid scheme members are protected. The table below demonstrates that for a whole-time firefighter (Band 1), the contribution rate would decrease by 0.8% which would equate to a reduction in contribution payment of £301. This is because the large number of competent firefighters would fall into the lowest band – which as we noted above is effectively not used at all in the current structure.

**Option 3 – Contribution rates based on the grade structure**

Grade	Actual Pay	Existing Structure		Updated Structure		Impact of change	
		Contribution rate	Gross contribution amount (annual)	Contribution rate	Gross contribution amount (annual)	Change in contribution rate	Change in gross contributions (annual)
Firefighter - Competent (Full-time)	£37,675	12.9%	£4,860	12.1%	£4,559	-0.8%	-£301
Firefighter - Competent (Part-time)	£25,000	12.9%	£3,225	12.1%	£3,025	-0.8%	-£200
Crew Manager Competent (full time)	£41,767	12.9%	£5,388	14.0%	£5,847	1.1%	£459
Watch Manager – Competent B (Full-time)	£46,707	12.9%	£6,025	14.0%	£6,539	1.1%	£514
Station Manager Competent B (full time with 20% pensionable flexi duty allowance)	£64,303	13.5%	£8,681	14.6%	£9,388	1.1%	£707
Group Manager - Competent B (Full-time with 20% pensionable flexi duty allowance)	£74,434	13.5%	£10,049	14.6%	£10,867	1.1%	£819
Area Manager Competent B (Full-time with 20% pensionable flexi duty allowance)	£86,465	13.5%	£11,673	15.6%	£13,489	2.1%	£1,816

31. In addition, it is arguably unfair to expect retained duty firefighters, at any grade, to pay the same rate of employee contributions as their wholetime counterparts as this would result in retained staff paying a disproportionately higher level of contributions. For instance, an RDS Watch Manager could pay a higher rate of contributions than a wholetime firefighter, despite probably earning less pensionable pay. We therefore propose that retained duty firefighters (regardless of grade) should be placed in to band 1 with wholetime firefighters, thus ensuring protection for the lowest paid staff within the Service. This would not apply to staff who have both wholetime and retained contracts with the same employer; their contributions would be calculated on the same basis as other wholetime staff.
32. Salary bands uprate each year in line with National Joint Council pay awards. Under this option, salary increases for each grade would make no difference to contribution rates, so the structure would be automatically and permanently future-proofed, and there would be no risk of a pay award taking all firefighters in a given grade into a higher contribution band, thus effectively denying them some of that award. There is also an added benefit that the simplicity of this structure should be relatively easy to administer. Determining the appropriate rate of contributions would depend only on each member's grade.
33. If we do not adopt this approach, and retain the current bands based on salary values, we would still need some way of uprating those automatically if we are to future-proof the system. One option would be to apply the published values for the change in annual weekly earnings across the economy. This figure is already used for calculating changes in accrued pension. However, it does not necessarily reflect annual changes in firefighters' salaries; and it would still require each firefighter's salary to be checked against the contribution bands, and for those bands to be recalculated each year. We think the grade-based approach set out above is much simpler and preferable.

**Question 3. How far do you agree that employee pension contributions should be based on the Fire Service grade structure rather than by financial banding?**

**Option 4 - Changing from wholetime equivalent to actual salary.**

34. Currently, members of the Firefighters' Pension Scheme pay contributions based on the band in which their pensionable pay or assumed pensionable pay falls into. This includes their basic salary and allowances which are pensionable for the purposes of the Scheme<sup>1</sup>. For part time or retained duty firefighters, the contribution rate is based on what an individual would have received if they were wholetime (wholetime equivalent), but contributions are only deducted from the pay an individual actually receives. So, a retained firefighter in the Competent Firefighter grade pays contributions based on the salary of a wholetime Competent Firefighter, not on what they earn as a retained firefighter.

---

<sup>1</sup> As a general rule, allowances that are paid permanently or indefinitely, like CPD or flexi-duty allowances, are pensionable; but temporary or fixed-term allowances like overtime or temporary promotion payments are not.

35. We have considered whether we should change this approach and use actual annual rates of pensionable pay instead of wholetime equivalent salary. This would result in many retained duty / part time firefighters moving down to the lowest contribution rate band. This could benefit such members as it would result in lower contribution rates for many. However, this would have the reverse effect of what is required in this consultation, in that it would actually drive the yield further downwards. That in turn would mean contribution rates would have to rise still further for all firefighters, including those employed on retained duty terms. The table below demonstrates that the contribution rate for a wholetime firefighter in Band 1 would increase from 12.9% to 13.5%, which would equate to a contribution payment of £226. The increase in contribution rates following this approach may be higher in Wales than in the other UK nations due to a significantly higher proportion of retained duty firefighters (around 55% of the workforce, compared to 30% in England).

**Option 4 – Contribution rate based on actual pensionable pay rather than Wholetime Equivalent pensionable pay**

Grade	Actual Pay	Existing Structure		Updated Structure		Impact of change	
		Contribution rate	Gross contribution amount (annual)	Contribution rate	Gross contribution amount (annual)	Change in contribution rate	Change in gross contributions (annual)
Firefighter - Competent (Full-time)	£37,675	12.9%	£4,860	13.5%	£5,086	0.6%	£226
Firefighter - Competent (Part-time)	£25,000	12.9%	£3,225	11.6%	£2,900	-1.3%	£-325
Firefighter Competent (Retained Duty System)	£15,000	12.9%	£1,935	11.6%	£1,740	-1.3%	£-195
Crew Manager Competent (full time)	£41,767	12.9%	£5,388	13.5%	£5,639	0.6%	£251
Watch Manager – Competent B (Full-time)	£46,707	12.9%	£6,025	13.5%	£6,305	0.6%	£280
Watch Manager Competent B (Retained Duty System)	£25,000	12.9%	£3,225	11.6%	£2,900	-1.3%	£-325
Station Manager Competent B (full time with 20% pensionable flexi duty allowance)	£64,303	13.5%	£8,681	14.1%	£9,067	0.6%	£386
Group Manager - Competent B (Full-time with 20% pensionable flexi duty allowance)	£74,434	13.5%	£10,049	14.1%	£10,495	0.6%	£447
Area Manager Competent B (Full-time with 20% pensionable flexi duty allowance)	£86,465	13.5%	£11,673	14.1%	£12,192	0.6%	£519



36. Overall, we don't believe that this approach would be fair, as it would lead to a significant increase in contribution rates for many scheme members. This could also lead more members to opt out of the scheme and increase the burden on remaining members still further. That could result in the yield not being achieved again at the next valuation, which will need to be amended by further increases in contribution rate structure. We think it is probably better to protect retained firefighters by placing them all in the lowest band regardless of grade, as we set out above.

**Question 4 – How far do you agree that contributions should continue to be calculated by reference to wholetime equivalent salary rather than actual pensionable pay?**

**Proposed Solution**

37. Overall, we propose that the contribution rate structure should be based on a structure which is linked to the current grade structure using wholetime equivalent pay (Option 3). In order to ensure protection for lower paid scheme members, we believe all retained duty firefighters, regardless of grade, should be placed into Band 1 along with wholetime firefighters. This will ensure that the lowest paid scheme members pay less contributions than their wholetime counterparts. We propose that this is the fairest approach and ensures that the key principle of the firefighter pension scheme is retained.
38. The table below sets out the effect that this structure would have on contribution rates for the 4 proposed pay bands. Example 1 and 2 below shows that retained firefighters, regardless of grade, and wholetime firefighters would be paying a contribution rate of 12.24%, which is actually lower than the current rate for Band 2 which stands at 12.9%, which in real terms would reduce the amount of contributions payable by £249 and £165 respectively.

**Proposed Option – Contribution rate based on grade with all Retained Duty Firefighters placed in to Band 1**

Grade	Actual Pay	Existing Structure		Updated Structure		Impact of change	
		Contribution rate	Gross contribution amount (annual)	Contribution rate	Gross contribution amount (annual)	Change in contribution rate	Change in gross contributions (annual)
Firefighter - Competent (Full-time)	£37,675	12.9%	£4,860	12.24%	£4,611	-0.66%	-£249
Firefighter - Competent (Part-time)	£25,000	12.9%	£3,225	12.24%	£3,060	-0.66%	-£165
Firefighter Competent (Retained Duty System)	£15,000	12.9%	£1,935	12.24%	£1,836	-0.66%	-£99
Crew Manager Competent (full time)	£41,767	12.90%	£5,388	14.48%	£5,906	1.24%	£518
Watch Manager – Competent B (Full-time)	£46,707	12.9%	£6,025	14.14%	£6,604	1.24%	£579
Watch Manager Competent B (Retained Duty System)	£25,000	12.9%	£3,225	12.24%	£3,060	-0.66%	-£165
Station Manager Competent B (full time with 20% pensionable flexi duty allowance)	£64,303	13.50%	£8,681	14.74%	£9,478	1.24%	£797
Group Manager - Competent B (Full-time with 20% pensionable flexi duty allowance)	£74,434	13.5%	£10,049	14.74%	£10,972	1.24%	£923
Area Manager Competent B (Full-time with 20% pensionable flexi duty allowance)	£86,465	13.50%	£11,673	15.74%	£13,610	2.24%	£1,937

39. Therefore, this approach would result in a slight increase in net income for the lowest paid scheme members, whilst the higher contribution rate would be payable by those individuals on higher salaries. Linking contributions to the grade structure rather than by financial banding, would be the fairest approach as it would ensure lower paid scheme members are always protected; their contribution rate would only increase if they were promoted. The proposed structure would also be flatter than that currently in use, which means that the effective contribution rate increases as salary increases rather than on a stepped basis. This would subsequently prevent firefighters from being discouraged from applying for promotion because a significant part of their salary increase would be lost in increased contributions. This option also provides automatic updating each year in line with National Joint Council pay awards, which subsequently means that it would be easier for scheme managers and administrators to administer this structure, thus reducing the likelihood of error. The Welsh Government believes that this would be the most appropriate and fairest way to ensure the target yield is achieved, whilst also ensuring the key principles are reflected.
40. We propose to introduce Regulations which will amend the 2015 Scheme Rules to update the contribution rate structure in line with those outlined above. We expect that the increased rates will be sufficient to meet the target yield whilst also providing scheme members with affordable contribution rates that uprates automatically and in line with progression in the Service.

**Question 5 – How far do you agree with the detailed proposal above?**

**Question 6 – If you do not agree with the proposal outlined above, do you have an alternative suggestion of how the contribution rate should be structured?**

### **The Welsh Language**

41. This consultation is concerned with changing the current employee contribution rate structure. As such, it does not affect the provision of services through the medium of Welsh, or the ability of people to communicate in the Welsh language. We would, though, expect scheme managers to communicate with members in both Welsh and English, in line with the Fire and Rescue Authorities' Welsh language standards. Regulations will also be made in both Welsh and English.

**Question 7 - We would like to know your views on the effects that the above proposals would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?**

**Question 8 - Please also explain how you believe the proposed policy could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**

#### **Other issues**

42. We have asked numerous questions as part of this consultation, but respondents may wish to raise other issues too. Please note, though, that we are obliged to seek to achieve the target yield and representations to the effect that contribution rates should not change at all are unlikely to allow this obligation to be met as the only practical way to achieve the target yield would be to increase contribution rates.

**Question 9 - We have asked a number of specific questions. Do you have any other comments on our proposals or any related issues which we have not specifically addressed?**

## Consultation Response Form

Your name:

Organisation (if applicable):

email / telephone number:

Your address:

- Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here:

### Question 1

**How far do you agree that the new structure should be underpinned by the principles outlined above? Do you think some principles are more important than others?**

### Question 2

**How far do you agree that employee pension contributions should be calculated on a marginal basis, rather than a tiered basis?**

**Question 3**

**How far do you agree that employee pension contributions should be based on the Fire Service grade structure rather than by financial banding?**

**Question 4**

**How far do you agree that contributions should continue to be calculated by reference to wholetime equivalent salary rather than actual pensionable pay?**

**Question 5**

**How far do you agree with the detailed proposal set out in paragraphs 37- 40 above?**

**Question 6**

**If you do not agree with the proposal outlined above, do you have an alternative suggestion of how the contribution rate should be structured?**

**Question 7**

**We would like to know your views on the effects that the above proposals would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?**

**Question 8**

**Please also explain how you believe the proposed policy could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**

**Question 9**

**We have asked a number of specific questions. Do you have any other comments on our proposals or any related issues which we have not specifically addressed?**