

From the Head of DoH Pensions Unit  
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Dear Keith

## NI FIREFIGHTERS' PENSION SCHEMES – UPDATES TO MEMBER CONTRIBUTION STRUCTURE

The Department of Health proposes to make a Statutory Rule under the powers conferred by sections 2(1), 3(1), (2)(a) and (3)(a) and paragraph 6 of Schedule 2 and paragraph 9(b) of Schedule 3 to the Public Service Pensions Act (Northern Ireland) 2014 ("the 2014 Act").

In accordance with sections 21(1) and 22(2)(a) of the 2014 Act, the Department has consulted the representatives of such persons as appear to it likely to be affected by these Regulations.

In accordance with section 22(2)(b) of the 2014 Act, the Department will lay a report before the Assembly.

In accordance with section 3(5) of the 2014 Act the Regulations will be made with the consent of the Department of Finance.

The Statutory Rule is subject to the negative resolution procedure before the Assembly and will be made and laid once all the necessary approvals are in place.

### Purpose of the Statutory Rule

The Statutory Rule enacts amendments to the Firefighters' Pensions Scheme Regulations (Northern Ireland) 2015 ("the 2015 Regulations").

The results of the 2020 actuarial valuation of the Firefighters' Pension Schemes as at 31 March 2020 highlighted future work that was required to address the yield shortfall on member contributions. Based on the current member contribution rate structure, GAD's calculations project the yield for the firefighter's pension scheme over the 2020 valuation implementation period 2024 to 2027 to be 13.0% pa. This is 0.2% pa lower than the required member contribution yield of 13.2% pa. Government policy is that steps must be taken by the Responsible Authority to ensure that the contribution yield is met in each valuation period by appropriate adjustments to member contribution rates and/or tiers

It was also recognised that the contribution structure for the Firefighters' Pension Schemes had not been updated since 2018 and therefore needed a fundamental review to address changes in pay, to futureproof them, and to address other changes arising from the fact that all members are now paying into a career average rather than a final salary scheme.

### **Previous Engagement with the Committee**

None

### **Financial Implications**

There are no financial cost implications for the Department. The proposals only affect the Firefighters' Scheme which is funded through AME.

### **Consultation**

In accordance with section 21(1) and 22(2)(a) of the Public Service Pensions Act (Northern Ireland) 2014 the Department has consulted the representatives of such persons as appear to it likely to be affected by these regulations.

The policy proposals were subject to consultation which began on 4 December 2024 and closed on 14 February 2025 and set out the policy proposals to update the member contribution's structure. It sought stakeholder's views on how best to update the member contribution structure to achieve the target yield, encourage scheme participation and ensure administrative sustainability. It also sought views on other issues such as future proofing the rates and equality considerations on whether part time members should pay against their wholifetime equivalent pay rate (as at present) or their actual pay. The consultation document is available on the Department's website. The delay in this response has been due to the need to await the outcome of the MHCLG equivalent consultation as we maintain a basic position of parity with them on policy issues.

As part of governance arrangements for the Firefighters' Pension Scheme, the consultation document was also provided to members of the Firefighters' Pension Scheme Advisory Board (SAB). The SAB comprises of firefighters' employer representatives (Northern Ireland Fire and Rescue Service (NIFRS)) and employee representatives (Fire Brigade Union (FBU)).

The Department welcomed any comments or views on the proposals and draft regulations. The Department received two responses to the consultation from NIFRS and the FBU. The Department considered both responses and identified the main points of support and challenges raised, these are detailed below.

Both respondents supported the option of retaining a tiered contribution structure with a clear preference for introducing an additional tier and modifying the gap between tiers. This option was seen as the best mechanism for the workforce and administration and was seen as a fairer and more progressive approach that could reduce opt-outs and support career progression. The Department agrees that this option offers the most balanced and sustainable approach and supports the key policy objectives.

With regards to the preferred option to determine a members contribution threshold the Department consulted on whether to apply actual pay or wholetime equivalent pay. The FBU's preferred choice is to use the previous year's actual pay to determine which contribution rate, without any adjustment at the end whilst NIFRS preferred choice is to use wholetime Equivalent pay (WTE) to determine which contribution rate a member will pay. Although NIFRS acknowledge that using actual pay achieves the target yield they had concerns that moving to actual pay would not be achievable using their current payroll system within the implementation timescale. However, they are currently replacing their current payroll systems for wholetime and retained firefighters which is expected to be operational by 1 April 2026 and will enable the use of actual pay for retained members.

It has been highlighted that using wholetime equivalent pay could lead to indirect discrimination, particularly affecting retained firefighters. By using actual earnings, contributions remain proportional to what members earn, reducing inequity across different working patterns. It will also avoid scenarios where members hesitate to seek advancement due to disproportionate contribution increases. Therefore, the Department has decided to adopt a contribution threshold model based on actual pay with the flexibility to change the rate if there is a material change. While the previous year's earnings provide stability, they do not reflect real-time changes such as promotions, allowances or changes to working hours for retained firefighters. Monthly assessments will allow discretion to adjust rates if there is a material change, ensuring contributions remain accurate and fair throughout the year.

With regards to futureproofing the contribution structure to ensure that it remains responsive to changes over time, the FBU's preferred choice is to manually uplift thresholds in line with the pay awards whilst NIFRS agreed that an index should be applied to increase the banding thresholds. The Department recognises that manually uplifting thresholds would be difficult to administer as they would need timely confirmation of pay settlements, system updates and clear communication to the members. Considering the points raised the Department feels it is essential to introduce indexation to protect members and ensure, as far as possible, that contribution rates remain accurate and fair, therefore has decided to provide an indexing mechanism that is aligned with the Consumer Price Index (CPI) to be implemented from April 2027. Indexation will apply annually on 1 April (from 2027), and the CPI rate used will be the September rate from the previous year. Implementing CPI from 2027 will provide ample time for administrators to update their systems.

Linking thresholds to the (CPI) provides a consistent and transparent approach and aligns with other public sector pension schemes, will provide protection to members, reduces administrative complexity, and helps maintain stability within the scheme over time. The Department will keep the implementation of CPI indexation under review to ensure that long-term stability is provided for the scheme.

In conclusion the contribution threshold model the Department proposes to adopt will be based on a 5-tier traditional structure using actual pensionable pay and annually uplifting thresholds in line with CPI. The consultation response report providing a summary of the Department's position to the points raised will be published on the Department's website.

[Firefighters Pension Scheme - Consultation on proposed updates to member contribution structure | Department of Health](#)

### **Compliance with Section 24 of the Northern Ireland Act 1998**

The proposals relate solely to updating the member contribution structure of the Firefighters' Pension Scheme and do not impose restrictions on individual's rights. As such, the Department has concluded that the proposals are compatible with Convention Rights and Section 24 of the Northern Ireland Act 1998. In addition, the changes are administrative and financial in nature and do not alter rights or equality of opportunity, so do not engage Article 2(1) of the Windsor Framework. Engagement with the Equality Commission for Northern Ireland or the Northern Ireland Human Rights Commission was not deemed necessary given the scope of the proposals.

### **Consideration by the Executive**

The SL1 and draft Statutory Rule have not been considered by the Executive as there was no requirement to do so.

## **Equality Impact**

An Equality Screening was carried out by the Department and will be published on the Department's website. The policy proposals have been considered under Section 75 of the NI Act 1998 and fully complies with the legislation with no adverse impact on any of the Section 75 Groups.

## **Regulatory Impact**

These Regulations will only affect eligible members of the firefighters' pension scheme. As it will not impose any additional costs on businesses, charities or the voluntary sector, a Regulatory Impact Assessment has not been considered necessary.

## **Rural Needs Impact Assessment**

The policy does not change or impact disproportionately anything in relation to persons living in rural areas. The regulations impact firefighters equally, regardless of geographical location.

## **Data Protection Impact**

The proposals do not involve or change the collection, processing or sharing of personal data therefore, a Data Impact Assessment is not necessary.

## **Child Rights Impact**

The proposals do not involve any direct impact on children's rights therefore, a Child Rights Impact Assessment is not necessary.

## **Position in Great Britain**

Similar legislation is being introduced to the Firefighters Pension Scheme in England effective from 1 April 2026. While pensions are a devolved matter, to ensure fairness across the UK the NI firefighters' scheme will generally act in parity with our English counterparts. To maintain parity with England we are adopting the same model for the NI scheme, however, the workforce and membership profile for Northern Ireland produces differing yield results, resulting in contribution levels having to differ from England in order to achieve the required yield in the NI scheme. To ensure that NI meet the target yield of 13.2% pa the contribution rates for NI are 0.62% higher uniformly across the bands. This position has been discussed with, and agreed by, the Fire Brigades Union (FBU).

## **Any other information**

None

## **Proposed timing of consideration of the SL1**

The SL1 has been submitted to the Committee in accordance with the minimum four-week timeframe and the Department would propose that the Committee considers it at their next scheduled meeting to ensure that the regulations come into operation as soon as possible.

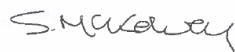
## **Proposed Operational Date**

These Regulations must be in operation no later than 1 July 2026 so it is proposed that the Statutory Rule will be made and laid as soon as all necessary approvals are received. A draft of the proposed Statutory Rule is attached.

When the finalised Statutory Rule together with the Explanatory Memorandum has been laid at the Assembly Business Office, the Business Office will submit copies to the Committee.

I would be grateful if you would bring this matter to the attention of the Committee for Health at your earliest convenience.

Yours sincerely



**Siobhán McKelvey**

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