



Department for
Communities and
Local Government

Regulations to introduce a new Firefighters' Pension Scheme from April 2015

Summary of consultation responses and Government
response



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1. Introduction

- 1.1. People are living much longer and the average 60 year old is living ten years longer now than they did in the 1970s. This means that the cost of public service pensions have increased by around a third in real terms over the last ten years to £32 billion a year. Currently for every £1 paid into the Firefighters' Pension Schemes by the employee, the taxpayer contributes £5.

Lord Hutton's independent report

- 1.2. At the June 2010 Budget, the Government invited Lord Hutton of Furness to chair the Independent Public Service Pensions Commission. The purpose of the Commission was to carry out a fundamental structural review of public service pension provision, and to make recommendations on pension arrangements that are "sustainable and affordable in the long term, fair to both the public service workforce and the taxpayer, and consistent with the fiscal challenge ahead, while protecting accrued rights." These recommendations included that a new career average revalued earnings scheme should be adopted, that members should have a greater choice when to start drawing their pension benefits, and flexible retirement should be encouraged. The Commission also recommended that a Normal Pension Age of 60 should be set for the uniformed services (armed forces, police and firefighters). This was in line with the Normal Pension Age for members of the New Firefighters' Pension Scheme 2006. The Commission agreed that accrued rights should be honoured in full and a final salary link for past service should be maintained.
- 1.3. The Government accepted Lord Hutton's recommendations and committed to ensuring that public service pensions are sustainable, fair and effective for taxpayers, but remain among the very best and providing a guaranteed pension level for all employees.
- 1.4. The Public Service Pensions Act received Royal Assent on 25 April 2013¹. The Act makes the general provision for public service pension schemes, and connected purposes. The Act sets out that a defined benefits scheme must be a career averaged revalued earnings scheme (or a defined benefits scheme of such other description as HM Treasury regulations must specify) and that the Normal Pension Age for the uniformed services (armed forces, police and firefighters) must be 60.
- 1.5. Regulations for each public service pension scheme, including the Firefighters' Pension Scheme 2015, are being made under the relevant powers in the Act.

Firefighters' Pension Reforms

- 1.6. Extensive and constructive scheme level discussions took place between the Department and employer and union representatives to discuss the core scheme design for the Firefighters' Pension Scheme 2015 ("the 2015 scheme"). The future

¹ The Public Service Pensions Act 2013, <http://www.legislation.gov.uk/ukpga/2013/25/contents/enacted>

service cost of the 2015 scheme had to be reconciled by the Government Actuary's Department to fall within the overall gross cost ceiling of 27% of pensionable pay.

- 1.7. Following discussions between unions and employers, a Proposed Final Agreement² on the scheme design for the Firefighters' Pension Scheme 2015 in England was published on 23 May 2012. This aims to strike a balanced deal between public service workers and the taxpayer.
- 1.8. The scheme design set out in the Proposed Final Agreement meant that firefighters would continue to get one of the most generous public service pensions – with guaranteed levels of benefit and inflation proofing. A firefighter who earned £29,000 and retires after a full career aged 60, would get a £19,000 a year pension. The total pension that a firefighter would receive rises to £26,000 when they become entitled to their state pension. A firefighter would need to contribute double to a private pension pot to get an equivalent pension.

Overall Firefighters' Pension Scheme design for consultation

- 1.9. The reforms to the firefighters' pension scheme will ensure a fairer balance between what firefighters pay and what other taxpayers contribute. The main elements of the scheme design were set out in the Proposed Final Agreement and these were the main parameters for the basis of the statutory consultation on member benefits as set out below:
 - A pension scheme based on career average revalued earnings
 - An accrual rate of 1/58.7th of pensionable earnings each year
 - There will be no cap on how much pension can be accrued
 - A revaluation rate of active members' benefits in line with average weekly earnings
 - Pensions in payment and deferred benefits to increase in line with the Prices Index (currently the Consumer Prices Index)
 - Flexible retirement from the scheme's minimum pension age of 55 built around the scheme's Normal Pension Age of 60, with members being able to take their 2015 scheme benefits as follows:
 - for all active members who are aged 57 or more at retirement, 2015 scheme benefits taken before Normal Pension Age will be actuarially reduced with reference to the 2015 scheme's Normal Pension Age, rather than the deferred pension age.
 - all other members will have their 2015 scheme benefits actuarially reduced on a cost neutral basis from the scheme's deferred pension age.
 - Authority-initiated early retirement for members of the 2015 scheme from age 55 to be in accordance with the arrangements set out in Part 3, Rule 6 of the New Firefighters' Pension Scheme 2006

² Firefighters' pension scheme: proposed final agreement, <https://www.gov.uk/government/publications/firefighters-pension-scheme-proposed-final-agreement>

- Late retirement factors for members retiring from active service to be actuarially neutral from the Normal Pension Age
- A deferred pension age equal to the individual's State Pension Age
- Optional lump sum by commutation at a rate of £12 for every £1 per annum of pension foregone in accordance with HMRC limits and regulations
- Ill-health retirement benefits to be based on those contained in the New Firefighters' Pension Scheme 2006
- All other ancillary benefits to be based on those contained in the New Firefighters' Pension Scheme 2006
- Members rejoining after a period of deferment of less than 5 years can link new service with previous service, as if they had always been an active member, and
- Members transferring between public service schemes would be treated as having continuous active service

1.10. There will be transitional protection as follows:

- All accrued rights are protected and those past benefits will be linked to final salary when members leave the Firefighters' Pension Scheme 2015
- All active members who, as of 1 April 2012, have 10 years or less to their current Normal Pension Age will see no change in when they can retire, nor any decrease in the amount of pension they receive at the current Normal Pension Age. This means such members will remain in their existing schemes and not transfer to the Firefighters' Pension Scheme 2015
- There will be a further 4 years of tapered protection for scheme members. This means that members who are up to 14 years from their current Normal Pension Age, as of 1 April 2012, will have limited protection so that on average for every month of age they are under 14 years of their Normal Pension Age, they gain about 53 days of protection, before they transfer to the Firefighters' Pension Scheme 2015.

1.11. The above has remained the basis of the scheme design, with the exception of alterations to the mechanism for early retirement and to the accrual rate. These changes are detailed below.

1.12. Discussions on detailed aspects of the Firefighters' Pension Scheme 2015 have taken place during 2013 and 2014 between the Department, key employer and employee representatives, and other interested parties.

1.13. Further guidance on the Firefighters' Pension Scheme in England to be introduced from April 2015 can be found in published guidance located at <https://www.gov.uk/government/publications/firefighters-pension-scheme-reforms>

2. Consultation proposals and process

2.1. The Government has published two consultations on the draft member benefit regulations to implement the Firefighters' Pension Scheme 2015 ("the 2015 scheme").

First consultation

2.2. The first consultation was published on 18 December 2013 and ran to 12 March 2014. That consultation sought views on the regulations relating to the membership and benefits in the 2015 scheme, the draft regulations to implement the Firefighters' Pension Scheme 2015, and the following questions:

- **Question 1** - Do the draft regulations meet the design parameters of the Firefighters' Pension Scheme 2015 as set out in the Proposed Final Agreement published on 24 May 2012?
- **Question 2** - Do the benefits in the draft regulations sufficiently match those in the New Firefighters' Pension Scheme 2006, with sufficient adaptations for a career average revaluation earnings arrangement?
- **Question 3** - Are the ill-health retirement benefits and other ancillary benefits in the Firefighters' Pension Scheme 2015 sufficiently based on the benefits currently contained in the New Firefighters' Pension Scheme 2006?
- **Question 4** - Are the benefits for part-time, retained and volunteer firefighters in line with the benefits for these firefighters as contained in the New Firefighters' Pension Scheme 2006?
- **Question 5** - Can you foresee any administrative challenges with the draft regulations?
- **Question 6** - Do you consider that there are any equality issues, which the Department hasn't considered in the published Equality Statement which will result in individual groups being disproportionately affected by the reforms? If so, what do you consider to be the nature and scale of that disproportionate effect?

2.3. Twenty seven written responses were received to the first statutory consultation. The responses can be broken down as follows:

Individual scheme members	2
Employers	19
Employee Representatives	2
Professional Body Representatives	4

2.4. In addition, the Department met with the Firefighters Pension Scheme Technical Working Group and key employer and employee representatives during the consultation period to discuss the regulations and consider any representations made.

2.5. The responses received to the first consultation exercise were considered in preparing the set of draft regulations attached to the second consultation, with suitable changes being made. A summary of those responses was included in the second consultation and is replicated at Annex A.

Second consultation

2.6. A second consultation was published on 23 May 2014 and ran until 4 July 2014. It updated the draft regulations and introduced new sections relating to the funding and valuation arrangements and made new proposals on employee contributions to apply in the 2015 scheme. The consultation specifically sought views on the following questions:

- **Question 1** - Do the revised draft regulations continue to meet the design parameters of the Firefighters' Pension Scheme 2015 as set out in the Proposed Final Agreement published on 24 May 2012?
- **Question 2** - Do the benefits (including the ill-health retirement benefits and other ancillary benefits) in the draft regulations sufficiently match those in the New Firefighters' Pension Scheme 2006, with sufficient adaptations for a career average revaluation earnings arrangement?
- **Question 3** - Do the proposals for the employer additional contributions for ill health awards and the employer additional contributions for a member who has been "employer initiated retired" sufficiently match the existing arrangements in the New Firefighters' Pension Scheme 2006?
- **Question 4** - Do the proposals for the arrangements for the Firefighters' Pension Fund sufficiently match those in the New Firefighters' Pension Scheme 2006?
- **Question 5** - Can you foresee any challenges with the proposals for the procedure for ensuring the cost of the scheme is returned to the level of the cost cap as set out at regulation 152?
- **Question 6** - Do you have any comments on:
 - The proposals that employee contribution rates in the 2015 scheme are based on a member's full time equivalent pay?
 - The proposals for there to be four tiered bands, with some protection for new entrants?
 - The level of the tiered bands to be set each year between 2015-16 to 2018-19 as shown in the tables in Section 5?
- **Question 7** - Do you consider that there are any further equality issues, which the Department hasn't considered in the published revised Equality Statement which will result in individual groups being disproportionately affected by the reforms? If so, what do you consider to be the nature and scale of that disproportionate effect?

- 2.7. The consultation document was available on the GOV.UK website and responses could be returned to the Department for Communities and Local Government by email or by post. Prior to the consultation, views on the proposed contribution rates were sought from members of the Firefighters' Pension Committee, which includes employee representatives, the Local Government Association and other key representative bodies.
- 2.8. Alongside the consultation documents, the Department published a (partial) Equality Statement that set out the Department's consideration of the impact of the proposals on the protected groups. The Equality Statement has now been updated following the consultation and has been published alongside this Government response.
- 2.9. A total of 40 responses were received to the second consultation, breaking down as follows:

Individual scheme members	10
Employers	23
Employee Representatives	3
Professional Body Representatives	4

3. Summary of Responses

Question 1: Do the revised draft regulations continue to meet the design parameters of the Firefighters' Pension Scheme 2015 as set out in the Proposed Final Agreement published on 24 May 2012?

Consultation responses:

- 3.1. There were 27 responses to this specific question. 24 (89%) respondents agreed that the revised draft regulations met the design parameters of the Firefighters' Pension Scheme 2015 as set out in the Proposed Final Agreement, with 3 (11%) disagreeing.
- 3.2. Two respondents indicated that there should be further efforts to resolve the ongoing dispute with the Fire Brigades Union, with one of these suggesting that the offer made by the Government in June 2013 to improve the early retirement terms at age 55 and 56 should be reinstated. One response suggested that the approach to the early retirement terms was irrational by calculating the early retirement terms as though the member was a deferred pensioner whereas they should be entitled to have their pension calculated on an active basis as though the member had remained in service until Normal Pension Age. One respondent argued that the protections being offered should take into account length of service and not only age. A further respondent stated that members would be paying high contribution rates in order to receive lower benefits.
- 3.3. One respondent suggested that the term "full retirement" was misleading and a further respondent requested further clarification of "partial retirement", with one asking if this facilitated access to benefits accrued from an earlier scheme. An authority expressed concern that having members with pension pots in more than one scheme would result in an increase in administration costs, with a further respondent requesting more details, particularly on the subject of pension boards.

Government response

- 3.4. Ministers have continued to meet with employee representatives, including the leadership of the Fire Brigades Union, to discuss the pension reform agenda. On 9 July 2014, as an early partial response to the consultation responses received, the Government announced a change to the design of the 2015 scheme, extending the enhanced early retirement terms down to age 55 (i.e. reinstating the "June 2013" offer). This means that a firefighter who retires at age 55 will see an actuarial reduction to their 2015 scheme pension of 21.8% (as a comparison, at age 55 the reduction in the 2006 scheme is 40.5%). The Department does not accept that it is irrational for a member who has left service early to have their early retirement terms calculated on a deferred basis. This is because the member has left service before Normal Pension Age, is no longer in service from the point of retirement and the Normal Pension Age, and therefore does not qualify for the higher revaluation rate which is available to active members only. Retiring before the scheme's Normal Pension Age is an option available to scheme members and it remains open to firefighters to continue in the scheme and pay employee contributions on their

pensionable pay to take advantage of the higher revaluation rate available to active members.

- 3.5. The term “full retirement” has been dropped from the regulations but the Department believes that the term “partial retirement” is sufficiently clear. If individuals have rights under earlier schemes, benefits can be taken by meeting the terms of the appropriate scheme to claim their pension. For instance, 1992 scheme benefits can be taken, on retirement, from age 50 with 25 or more year’s service (2015 scheme service counts towards this total), no reduction will be made to any 1992 scheme pension on retirement, and the final salary used to calculate those benefits is the final salary at the member’s retirement. Existing members will have rights under more than one scheme, to do otherwise would not meet Lord Hutton’s recommendations to protect accrued rights and maintain a final salary link. The Government’s approach to transitional protections is to protect those who are within 10 years of their scheme’s Normal Pension Age. This is because the Government considers that older members have less time in which to make alternative income arrangements and therefore warrant such protection. The extensive protections put in place mean that a greater proportion of firefighters are protected than any other large public service workforce.
- 3.6. All public servants are being asked to pay more toward their pensions and for their pensions to be reformed in line with Lord Hutton’s recommendations. Many members, the lower-paid in particular, will benefit from the switch to career-average arrangements.

Question 2: Do the benefits (including the ill-health retirement benefits and other ancillary benefits) in the draft regulations sufficiently match those in the New Firefighters’ Pension Scheme 2006, with sufficient adaptations for a career average revaluation earnings arrangement?

Consultation responses:

- 3.7. There were 26 responses to this particular question, with 25 (96%) of respondents agreeing that the benefits match those in the New Firefighters’ Pension Scheme 2006, with suitable adaptations for a career average scheme; one (4%) respondent disagreed.
- 3.8. One respondent stated that the draft regulations, with the Normal Pension Age of 60, represented a deterioration in benefit provision in comparison with the 1992 Scheme. Another respondent said that it should be made clear that transfer values should be calculated on the basis of the Normal Pension Age, and not the deferred pension age. Two respondents requested that it should be clarified whether a child’s pension should be based on pre-commutation benefits and one respondent stated that survivors should be able to commute small pensions to a lump sum.
- 3.9. One respondent stated that a clearer definition of “pensionable pay” is required and a further respondent said that members who transfer to Scotland or Wales and then re-join the English scheme should always be eligible to re-join their existing scheme.

Government response

- 3.10. The Public Service Pensions Act 2013 requires the Normal Pension Age for firefighters to be set at age 60. A Normal Pension Age of 60 is well established for firefighters, having been the Normal Pension Age for new recruits since 2006. One in three firefighters already has a Normal Pension Age of 60. The Government's reform agenda does mean that all public service workforces are being asked to work longer for their pensions and firefighters are not immune from that change. However, firefighters will continue to have a lower Normal Pension Age than the other non-uniformed workforces and is the only workforce that has not seen an increase in the Normal Pension Age for new recruits.
- 3.11. Transfer values are set in accordance with guidance issued by the Government Actuary's Department and are calculated in accordance with the deferred benefits, as the member has left the scheme. Firefighters who are active scheme members are provided with a lower Normal Pension Age to reflect the uniqueness of their role. To provide a former firefighter who has transferred their pension to another provider and is no longer an active scheme member with active equivalent benefits is not necessary to protect the individual in their role as a firefighter. With regard to child pensions, the amount is based on the retirement pension that the member would have received before any commutation had taken effect. Survivors with a small pension can commute their pension for a lump sum.
- 3.12. The definition of "pensionable pay" is set out at Regulation 17 largely follows the existing definition in use for the New Firefighters' Pension Scheme 2006. Alternative definitions were discussed with the employee representatives and employers but these either increased costs for employers, or narrowed the scope of pensionable pay. No alternative approach was acceptable to both parties.

Question 3: Do the proposals for the employer additional contributions for ill health awards and the employer additional contributions for a member who has been "employer initiated retired" sufficiently match the existing arrangements in the New Firefighters' Pension Scheme 2006?

Consultation responses

- 3.13. There were 23 responses to this particular question, with 21 (91%) of respondents agreeing that the ill-health and employer initiated retirement terms matched the New Firefighters' Pension Scheme 2006.
- 3.14. Three respondents indicated that they would appreciate early confirmation of the scale of costs likely to fall to the employer and one respondent sought assurance that employers, in cases of employer-initiated retirement, had the discretion whether to waive the early payment reduction. A further respondent suggested that employers should be allowed a sufficiently long period to be able to make the related payments.

Government response

- 3.15. The Department is grateful for the comments received to the consultation. The scale of any cost that may fall to the employer is dependent on the pension that the firefighter has built up to the point of the authority deciding to award an unreduced pension and the age of the firefighter concerned. The Government has agreed that

the cost of the authority initiated early retirement paid by employers is calculated by reference to the scheme's Normal Pension Age, not the deferred pension age. This reduces the cost of using the workforce flexibility should the authority wish to do so.

Question 4: Do the proposals for the arrangements for the Firefighters' Pension Fund sufficiently match those in the New Firefighters' Pension Scheme 2006?

Consultation responses

3.16. There were 23 responses to this particular question, with all (100%) respondents agreeing that the arrangements for the Firefighters' Pension Fund sufficiently match those in the New Firefighters' Pension Scheme 2006. One authority expressed concern that the increase in the Normal Pension Age could lead to an increased number of ill-health retirements

Government response

3.17. The Department is grateful for the comments received to the consultation. The incidence of ill-health retirement was considered when setting the cost ceiling for the firefighters' pension scheme and is taken into account in setting the employer contribution rate. The Normal Pension Age in the 2015 scheme is the same as the 2006 scheme and so the reforms are not expected to affect the incidence of ill-health in the medium to long term.

Question 5: Can you foresee any challenges with the proposals for the procedure for ensuring the cost of the scheme is returned to the level of the cost cap as set out at regulation 152?

Consultation responses:

3.18. There were 24 responses to this particular question. Eleven responses identified that the role of the Scheme Advisory Board may cause some problems in coming to agreement on the changes. Five respondents identified that scheme changes following the breach of the cost cap could result in industrial unrest. One respondent thought that the accrual rate might need to be regularly adjusted, which would mean a greater strain on administrative resources.

Government response

3.19. The Department is grateful for the comments received to the consultation. The role of Scheme Advisory Board is set out in the current consultation on the governance of the Scheme which commenced on 10 October³. One of the roles of the Scheme Advisory Board will be to look at the ongoing cost of the scheme and make recommendations for scheme changes before the cost cap is breached. The first two percentage point increase in scheme cost is met by employers meaning that costs would need to increase substantially to breach the cost cap - the Department does not see that the accrual rate would need to be regularly adjusted. The final regulations do not contain any cost cap provisions, which are subject to a further consultation.

³ <https://www.gov.uk/government/consultations/firefighters-pension-scheme-2015-proposals-for-new-governance-arrangements>

Question 6: Do you have any comments on:

- (i) The proposals that employee contribution rates in the 2015 scheme are based on a member's full time equivalent pay?**
- (ii) The proposals for there to be four tiered bands, with some protection for new entrants?**
- (iii) The level of the tiered bands to be set each year between 2015-16 to 2018-19 as shown in the tables in Section 5**

Consultation responses:

3.20. On (i), ten (45%) responses supported employee contributions being based on a member's full time equivalent pay, with 12 respondents (55%) preferring contributions based on actual pay. On (ii), nine (82%) of respondents supported four tiered bands with some protection for new entrants, with two respondents (18%) preferring three bands. On (iii), 9 (56%) respondents supported the level of tiered bands between 2015-16 and 2018-19, with seven (44%) respondents opposing the proposals.

3.21. Three respondents believed that actual pay should be used following the precedent of the Local Government Pension Scheme; four respondents believe that actual earnings should be deciding factor; and two respondents felt that a smaller proportion of part-timers make the decision to join and that part-timers' ratio of benefits to contributions will be worse than that of their full-time colleagues.

3.22. One respondent argued that the bands should be based on roles, whilst another suggested the use of tax levels. One respondent argued that the third tier is very wide and that this could be remedied by introducing an additional band. Two respondents supported three bands. It was suggested that firefighters will, over the years, see an increase in their contributions, whereas managers will not experience this. It was also argued that, compared to other public service schemes, the 2015 scheme would have the highest ratio of average employee contribution rates to the total cost of the scheme.

Government response

3.23. The Department is grateful for the comments received to the consultation. The Department has considered with employee and employer representatives whether contribution tariffs should be based on a firefighter's actual salary, which would benefit retained or part-time firefighter members who typically have lower annual earnings. It was not possible to get agreement on using actual pay as this would have required increases in the rates payable by whole-time firefighters to meet the 13.2 percentage point average scheme yield. In contrast the Local Government Pension Scheme took into account the lower yield from using actual pay in setting contribution tariffs and this comprised part of an agreement with the local government trades unions.

3.24. The Department considered using role related bands in previous consultations but it established that because there was a significant amount of local discretion in setting pay, basing bands on roles could mean that some firefighters earned higher levels of

pension whilst paying a lower employee contribution rate. The Department's view is that the employee contribution tariff paid should be relative to the amount of pension being earned.

3.25. The Department's view is that the four contribution bands provide a suitable balance in administrative ease but maintaining a fair distribution of costs. It is not possible to comment on the employee to employer contribution ratio as the employer contribution rate will be set by future valuations. The final employee contribution rates to apply are at Annex C.

Question 7: Do you consider that there are any further equality issues, which the Department hasn't considered in the published revised Equality Statement which will result in individual groups being disproportionately affected by the reforms? If so, what do you consider to be the nature and scale of that disproportionate effect?

Consultation responses

3.26. 27 responses were received in response to this question, with six expressing concern that women would be disadvantaged by the proposed early retirement rules and four commenting that they considered there was insufficient data on equality.

Government response

3.27. The Department is grateful for the comments received to the consultation. The Department has been able to draw on a number of key sources as regards health and fitness issues, in particular the report by Dr Williams⁴. According to the report, provided that women are recruited at the right levels of fitness they should also be able to serve as firefighters until age 60. The revised terms of the early retirement arrangements has improved, substantially, the retirement terms of those who choose to retire from age 55, ensuring that the early retirement arrangements are proportionate. These issues are addressed in greater depth in the Equality Statement.

Conclusion

- 4.1 Following consultation, the Government has maintained the key elements of the Proposed Final Agreement but with improved early retirement terms for firefighters who choose to retire from age 55, a reduced accrual rate to pay for that improved benefit, and a reduced cost to employers who choose to early retire firefighters with an unreduced pension.
- 4.2 Ministers have decided to proceed with the employee contributions tariffs that were consulted upon. These mean that a firefighter member of the 1992 scheme who transfers to the 2015 scheme will see a reduction in their employee contributions of 2 percentage points in 2015-16. The final tariffs are set out at Annex C.
- 4.3 The Department has also decided to remove the elements of the regulations concerning the employer cost cap. These proposals, alongside those concerning the national Scheme Advisory Board and local pension boards, are subject to a separate consultation.
- 4.4 The Department will now implement the final scheme design through an amending statutory instrument, which will also be signed by two Lords Commissions.
- 4.5 The Department has asked the Government Actuary's Department to update the original verification report to take account of the revised final scheme design, and this is published alongside this response.

Annex A

Summary of the outcome of the first statutory consultation

Responses

1. Twenty seven written responses were received to the first statutory consultation which ran from 18 December 2013 to 12 March 2014. In addition, the Department met with the Firefighters Pension Scheme Technical Working Group and key employer and employee representatives during the consultation period to discuss the regulations and consider any representations made.
2. The responses received to the first consultation exercise have been considered in preparing the attached set of draft regulations and changes have been made. Further information on the key regulatory changes that have been made is set out further in this section.
3. A short summary of the written responses to the first consultation is set out below. However, given that the membership and benefit regulations are again being consulted on, the intention is to publish one document covering a summary of all written responses to both the first and second consultations, and the Government's response.
4. Nineteen respondents stated that the initial reading of the first set of regulations that were consulted on met the design for the Firefighters' Pension Scheme 2015 as set out in the Proposed Final Agreement. Two employee representatives (trade unions) highlighted that the terms of the Proposed Final Agreement had not been agreed, or that the proposals were not workable or sustainable. One further employee representative highlighted that, by having a Normal Pension Age of 60, there was a need to ensure that the correct level of support was provided to operational staff, especially those retained firefighters.
5. One employee representative stated that discussions were still on-going regarding the pension scheme design and that their response was therefore an initial response, and could therefore change subject to any potential changes to the scheme design.
6. A number of the nineteen respondents and some other responses received said that it was difficult to provide an overall assessment, or comment, on whether the full terms of the Proposed Final Agreement had been met, without being sighted on the full set of regulations covering the employee contributions, funding, valuation, governance and transitional arrangements. These respondents stated that it would have been more helpful if the Department had consulted on one full set of regulations rather than through a staged approach.
7. Twenty respondents said that the proposals in the regulations, where it had been determined that they should, were sufficiently based on the current benefits in the New Firefighters' Pension Scheme 2006, although a couple of respondents welcomed clarification regarding pensionable pay arrangements. Twenty two respondents said

the proposed ill health benefits were in line with existing arrangements for 2006 scheme members.

8. Regarding part time and retained firefighters, fifteen respondents felt that the regulations were clear as to how these groups were to be treated under the arrangements for the 2015 scheme. However, some respondents said they would welcome further clarity on this issue although they did not specify what areas should be clarified.
9. Nineteen respondents felt that there would be administrative challenges with the new scheme. These included the administration of the two pot approach for those members who transferred from the existing firefighters pension scheme to the reformed scheme; costs associated with the administration of the scheme; the training for pension administrators and for members of the new pension boards; and the timescales for implementation of the new scheme which would be dependant on the final regulations being made.
10. In terms of the Equality Statement that was published alongside the consultation, thirteen respondents said that they felt that the statement covered all the equality issues and that there were not any further to be addressed. Others raised concerns on the Normal Pension Age of 60 and the impact this would have on females, and that there needed to be further consideration of part-time working and those firefighters who undertook multiple periods of maternity leave.
11. In further response to the question as to whether there were any equality issues that needed to be considered that were not contained within the published equality statement, four fire and rescue authorities took the opportunity to acknowledge that the reformed scheme provided increased flexibility for individuals to retire prior to the Normal Pension Age. However, these authorities set out that if any actuarial reduction around this was not to be cost neutral, then further clarification would be needed as to who would bear any financial liability in regard to this matter.

Initial Government response

12. A full Government response covering points raised to the previous, and this second, consultation will be published in due course.
13. The Government is mindful that fire and rescue authorities need time to implement the terms of the Firefighters' Pension Scheme 2015. This second consultation builds on the regulations that were part of the first consultation and now includes regulatory consultation on funding, valuation, and public sector transfer club arrangements.
14. The Department's view was that it was preferable to begin the consultation process as early as possible even if the consultation focused on the membership and benefits in the reformed scheme. The Department is continuing to engage with key stakeholders and the main software providers on the proposals for the Governance and transitional arrangements, prior to the regulatory consultation on these issues. The Department has noted the initial comments from some respondents that the proposed transitional protections should be extended. However, a greater proportion of firefighters are protected from the changes than any other large workforce and the Government does not intend to extend this further.

15. Retained, part-time and volunteer firefighters will accrue pension benefits at a rate of 1/58.7th of their pensionable earnings. Similarly, regular firefighters will accrue pension benefits on the same rate based on their pensionable earnings. Where a retained or volunteer firefighter's pension will be based on their assumed pensionable pay, then the regulations make provision for a retained or volunteer firefighter's daily rate to be calculated and then this rate is applied to each day that the period of "assumed pensionable pay" applies.
16. There will always be some challenges in implementing changes to a pension scheme and the Department has engaged fully with scheme administrators both before and during the consultation process to identify those challenges and mitigate them where appropriate. This period of engagement will continue over the coming months as fire and rescue authorities prepare for implementation of the 2015 scheme. Neither the previous, nor this, consultation makes provision in relation to pension boards or the requirement for them to be suitably trained. Discussions on the training requirements for pension boards are taking place with employee and employer representatives and will be the subject of a separate consultation on governance for the Firefighters' Pension Schemes.
17. In terms of the comments received on equality issues, the originally published Equality Statement has been updated and the revised version has now been published alongside this second consultation.

Annex B

Regulatory changes as a result of consultation

1.1. A number of changes were made between the consultation draft and the final Statutory Instrument.

“Formerly” denotes the Regulation number used in the draft Regulations at the time of the second consultation of 24 May 2014.

“Unchanged” includes Regulations which previously lacked a cross-referred regulation number or title.

Regulation 1	Unchanged
Regulation 2	A second paragraph has been added to give the legal name of the Scheme.
Regulation 3	A number of additional definitions have been added: “accrued added pension” “accrued earned pension” “added pension payments” “added pension payments” “annual allowance charge” “award” “connected scheme” “GMP age” “in-service revaluation index” “notice of election” “retirement account” “retirement earned pension” “retirement pension” “retirement PIA index adjustment” “scheme employer” “tax year” “total allocation amount” “volunteer firefighter”
Regulation 4	Reference is made in (4) to “this scheme” rather than “these Regulations”.
Regulation 5	Unchanged
Regulation 6 (formerly Reg. 7)	An additional paragraph has been added to explain the term “scheme employer”.
Regulation 7 (formerly Reg. 8)	Unchanged
Regulation 8 (formerly Reg. 9)	The wording has been simplified.
Regulation 9 (formerly Reg. 10)	The reference to Chapter 2 dealing with a succession of scheme employments has been dropped.
Regulation 10 (formerly Reg. 11)	Paragraph (2) has been omitted.

Regulation 11 (formerly Reg. 12)	The regulation now has an additional paragraph dealing with continuity of scheme membership.
Regulation 12 (formerly Reg. 13)	The wording has been altered slightly to improve clarity.
Regulation 13 (formerly Reg. 14)	The wording has been altered slightly to improve clarity.
Regulation 14 (formerly Reg. 15)	Unchanged
Regulation 15 (formerly Reg. 16)	The wording has been altered slightly to improve clarity.
Regulation 16 (formerly Reg. 17)	The wording has been altered slightly to improve clarity.
Regulation 17 (formerly Reg. 18)	Unchanged
Regulation 18 (formerly Reg. 19)	The wording has been altered slightly to improve clarity. It is made clear that in the specified circumstances, to be treated as receiving assumed pensionable pay, a member needs to pay contributions, not merely elect to do so.
Regulation 19 (formerly Reg. 20)	The wording has been altered slightly to improve clarity.
Regulation 20	Unchanged
Regulation 21	This is a new regulation setting out how an individual becomes a pension credit member.
Regulation 22 (formerly Reg. 23)	Unchanged
Regulation 23 (formerly Reg. 24)	The wording has been altered slightly to improve clarity.
Regulation 24 (formerly Reg. 25)	The wording has been altered slightly to improve clarity.
Regulation 25 (formerly Reg. 26)	Unchanged
Regulation 26 (formerly Reg. 27)	Unchanged
Regulation 27 (formerly Reg. 28)	There is no longer a reference to an added pension account, because that account would close on retirement
Regulation 28 (formerly Reg. 29)	Unchanged
Regulation 29 (formerly Reg. 30)	Unchanged, except for a new reference to extra pension
Regulation 30 (formerly Reg. 31)	The wording has been altered slightly to improve clarity
Regulation 31 (formerly Reg. 32)	The wording has been altered slightly to improve clarity
Regulation 32 (formerly Reg. 33)	Unchanged
Regulation 33 (formerly Reg. 34)	Unchanged
Regulation 34 (formerly Reg. 35)	The accrual rate has been changed from 1/58.7 th to 1/59.7 th . This saving for the Scheme has been made to counterbalance the cost of improvements to the arrangements for members who wish to take early retirement (see note for Regulation 61 below). Further detailed provisions have also been added,

	such as those dealing with the accrual of pension during various absences.
Regulation 35 (formerly Reg. 36)	Unchanged
Regulation 36 (formerly Reg. 37)	The wording has been altered slightly to improve clarity
Regulation 37 (formerly Reg. 38)	The Regulation now additionally deals with the situation of a member having more than one active account. Two of the references are also corrected.
Regulation 38 (formerly Reg. 39)	Unchanged
Regulation 39 (formerly Reg. 40)	Unchanged
Regulation 40 (formerly Reg. 41)	Unchanged
Regulation 41 (formerly Reg. 42)	The wording has been altered slightly to improve clarity
Regulation 42 (formerly Reg. 43)	Unchanged
Regulation 43 (formerly Reg. 44)	Unchanged
Regulation 44 (formerly Reg. 45)	The wording has been altered slightly to improve clarity
Regulation 45 (formerly Reg. 46)	Unchanged
Regulation 46	This is a new regulation detailing the process required when a deferred member becomes entitled to a retirement pension.
Regulation 47	This is a new regulation detailing the process required when a formerly deferred member ceases to be entitled to an ill-health retirement pension.
Regulation 48	This is a new regulation detailing the process required when a formerly active member ceases to be entitled to an ill-health retirement pension.
Regulation 49 (formerly Reg. 48)	The wording has been altered slightly to improve clarity
Regulation 50 (formerly Reg. 49)	The wording has been altered slightly to improve clarity, notably in omitting the phrase “full retirement”, which a number of consultees believed to be a misleading term.
Regulation 51 (formerly Reg. 50)	To improve clarity, added pension is clearly specified
Regulation 52 (formerly Reg. 51)	Unchanged
Regulation 53 (formerly Reg. 52)	Unchanged
Regulation 54 (formerly Reg. 53)	To improve clarity, a definition of “relevant amount” has been added.
Regulation 55 (formerly Reg. 54)	Unchanged
Regulation 56	This is a new introductory regulation explaining that Part 5 applies in relation to periods of continuous pensionable service
Regulation 57 (formerly Reg. 55)	It is now specified that a member must give a written notice in a form specified by the scheme manager in order to specify which period of pensionable service should be selected.
Regulation 58 (Formerly Reg. 56)	The wording has been altered slightly to improve clarity

Regulation 59 (formerly Reg. 57)	The wording has been altered slightly to improve clarity, in particular so that the Regulation applies only when an active member becomes entitled to a retirement pension.
Regulation 60	This is an equivalent provision to the previous regulation, to detail the procedure when a deferred member becomes entitled to a retirement pension.
Regulation 61 (formerly Reg. 58)	This Regulation has been simplified so that when active members reach the age of 55, they are entitled to claim a retirement pension, which will be actuarially reduced to the extent that the member has not reached normal pension age. This modification was made in response to representations that the arrangements proposed previously unfairly penalised firefighters wishing to take early retirement.
Regulation 62 (formerly Reg. 59)	The wording has been altered slightly to improve clarity
Regulation 63 (formerly Reg. 60)	The wording has been altered slightly to improve clarity
Regulation 64 (formerly Reg. 61)	The wording has been altered slightly to improve clarity
Regulation 65 (formerly Reg. 62)	Unchanged
Regulation 66 (formerly Reg. 63)	The wording has been altered slightly to improve clarity
Regulation 67 (formerly Reg. 64)	The wording has been altered slightly to improve clarity
Regulation 68 (formerly Reg. 65)	The wording has been altered slightly to improve clarity
Regulation 69 (formerly Reg. 66)	The wording has been altered to provide more detail on the implications of the medical practitioner concerned finding that a member has become capable of undertaking regular employment.
Regulation 70 (formerly Reg. 67)	The wording has been altered, so that, in the case of partial retirement, payment of pension begins on the day after that option is exercised.
Regulation 71 (formerly Reg. 68)	The wording has been altered slightly to improve clarity
Regulation 72 (formerly Reg. 70)	The wording has been altered slightly to improve clarity. Former Reg. 69 on the meaning of an allocation beneficiary has been incorporated into this Regulation.
Regulation 73 (formerly Reg. 71)	The wording has been altered slightly to improve clarity
Regulation 74 (formerly Reg. 72)	The wording has been altered slightly to improve clarity
Regulation 75 (formerly Reg. 73)	A definition for “allocated pension” has been added.

Regulation 76 (formerly Reg. 74)	The wording has been altered slightly to improve clarity
Regulation 77 (formerly Reg. 75)	Unchanged
Regulation 78 (formerly Reg. 76)	Unchanged
Regulation 79 (formerly Reg. 77)	Unchanged
Regulation 80 (formerly Reg. 78)	Unchanged
Regulation 81 (formerly Reg. 79)	Unchanged
Regulation 82 (formerly Reg. 80)	Unchanged
Regulation 83	This Regulation has been added to comply with the wider Guaranteed Minimum Pension framework in the Pension Schemes Act 1993
Regulation 84 (formerly Reg. 81)	The wording has been altered slightly to improve clarity
Regulation 85 (formerly Reg. 82)	The wording has been altered slightly to improve clarity. In particular further detail is added to “Condition A” to deal with the child’s education and employment status.
Regulation 86 (formerly Reg. 83)	The wording has been altered slightly to improve clarity
Regulation 87 (formerly Reg. 84)	Unchanged
Regulation 88 (formerly Reg. 85)	The wording has been altered slightly to improve clarity
Regulation 89 (formerly Reg. 86)	Unchanged
Regulation 90 (formerly Reg. 87)	The wording has been altered slightly to improve clarity
Regulation 91 (formerly Reg. 88)	Unchanged
Regulation 92 (formerly Reg. 89)	Unchanged
Regulation 93 (formerly Reg. 90)	The wording has been altered to correct the cross-reference.
Regulation 94 (formerly Reg. 91)	Unchanged
Regulation 95 (formerly Reg. 92)	The wording has been altered slightly to improve clarity
Regulation 96 (formerly Reg. 93)	Unchanged
Regulation 97 (formerly Reg. 94)	The wording has been altered to improve clarity
Regulation 98 (formerly Reg. 95)	Unchanged
Regulation 99 (formerly Reg. 96)	The wording has been altered to improve clarity
Regulation 100 (formerly Reg. 97)	Unchanged
Regulation 101 (formerly Reg. 98)	The wording has been altered slightly to improve clarity
Regulation 102 (formerly Reg. 99)	Unchanged
Regulation 103 (formerly Reg. 100)	Unchanged
Regulation 104 (formerly Reg. 101)	The wording has been altered slightly to improve clarity
Regulation 105 (formerly Reg. 102)	The wording has been altered to make it clear that eligibility would be at deferred pension age rather than 65. This change has been made because, although deferred pension age is currently 65, it will alter with each future modification in state pension age.

Regulation 106 (formerly Reg. 103)	The wording has been altered slightly to improve clarity
Regulation 107	This is a new Regulation to link with the provisions on pension debit.
Regulation 108 (formerly Reg. 104)	Unchanged
Regulation 109 (formerly Reg. 105)	The wording has been altered slightly to improve clarity
Regulation 110 (formerly Reg. 106)	The wording has been altered slightly to improve clarity. Figures have now been added at paragraph (2). A definition for “member contributions” has been added.
Regulation 111 (formerly Reg. 107)	The wording has been altered to improve clarity
Regulation 112 (formerly Reg. 108)	Unchanged
Regulation 113 (formerly Reg. 109)	Unchanged
Regulation 114 (formerly Reg. 110)	The wording has been altered slightly to improve clarity
Regulation 115 (formerly Reg. 111)	Unchanged
Regulation 116	This Regulation details the requirements and consequences relating to member refunds. Former Regulation 112 has been subsumed into this Regulation.
Regulation 117 (formerly Reg. 114)	The wording has been altered to improve clarity
Regulation 118 (formerly Reg. 115)	The wording has been altered to improve clarity
Regulation 119 (formerly Reg. 116)	The wording has been altered to improve clarity
Regulation 120 (formerly Reg. 117)	The wording has been altered so that, in cases of employer initiated retirement, the employer pays into the Fund to the extent that the member has retired in advance of normal pension age.
Regulation 121	This is a new Regulation setting out the definitions needed for Part 9.
Regulation 122 (formerly Reg. 118)	The wording has been altered to improve clarity
Regulation 123 (formerly Reg. 119)	The wording has been altered to improve clarity. In particular, member contributions for added pension has been added to the list of items which must be paid by the scheme manager into the Firefighters’ Pension Fund
Regulation 124 (formerly Reg. 120)	The wording has been altered to improve clarity
Regulation 125 (formerly Reg. 121)	The wording has been altered to improve clarity
Regulation 126 (formerly Reg. 122)	The wording has been altered to improve clarity. The deadlines for the Secretary of State to make payments to scheme managers have been very slightly relaxed.
Regulation 127 (formerly Reg. 123)	The wording has been altered to improve clarity. The deadlines for scheme managers to make payments to the Secretary of State have been very slightly relaxed.
Regulation 128 (formerly Reg. 124)	The wording has been altered to improve clarity. The deadlines for scheme managers or the Secretary of State to make payments have been

	very slightly relaxed.
Regulation 129 (formerly Reg. 125)	The wording has been altered to improve clarity. The deadlines for scheme managers or the Secretary of State to make payments have been very slightly relaxed.
Regulation 130 (formerly Reg. 127)	The wording has been altered slightly to improve clarity.
Regulation 131 (formerly Reg. 128)	Unchanged
Regulation 132 (formerly Reg. 129)	There is an additional definition for “club transfer value”.
Regulation 133 (formerly Reg. 130)	It is now specified that members may only require a club transfer to be made within twelve months of becoming eligible for the Firefighters’ Pension Scheme.
Regulation 134 (formerly Reg. 131)	The wording has been altered to improve clarity.
Regulation 135 (formerly Reg. 132)	The wording has been altered slightly to improve clarity.
Regulation 136 (formerly Reg. 133)	Unchanged
Regulation 137 (formerly Reg. 134)	The wording has been altered to improve clarity
Regulation 138 (formerly Reg. 135)	The wording has been altered slightly to improve clarity
Regulation 139 (formerly Reg. 136)	Unchanged
Regulation 140 (formerly Reg. 137)	Unchanged
Regulation 141 (formerly Reg. 138)	Unchanged
Regulation 142 (formerly Reg. 139)	Unchanged
Regulation 143 (formerly Reg. 140)	Unchanged
Regulation 144 (formerly Reg. 141)	The wording has been altered slightly to improve clarity
Regulation 145 (formerly Reg. 142)	Unchanged
Regulation 146 (formerly Reg. 143)	The wording has been altered slightly to improve clarity
Regulation 147 (formerly Reg. 144)	Unchanged
Regulation 148 (formerly Reg. 145)	Unchanged
Regulation 149 (formerly Reg. 146)	Unchanged
Regulation 150	This subsumes former Regulations 147, 148 and 149
Regulation 151 (formerly Reg. 153)	Unchanged
Regulation 152 (formerly Reg. 154)	The wording has been altered slightly to make it clearer that, when requested by the scheme manager, the Independent Qualified Medical Practitioner may give a further opinion on a particular case.
Regulation 153 (formerly Reg. 155)	The wording has been altered slightly to improve clarity
Regulation 154 (formerly Reg. 156)	Unchanged
Regulation 155 (formerly Reg. 157)	Unchanged
Regulation 156 (formerly Reg. 158)	The wording has been altered slightly to improve clarity
Regulation 157 (formerly Reg. 159)	Unchanged

Regulation 158 (formerly Reg. 160)	Unchanged
Regulation 159 (formerly Reg. 161)	Unchanged
Regulation 160 (formerly Reg. 162)	Unchanged
Regulation 161 (formerly Reg. 163)	Unchanged
Regulation 162 (formerly Reg. 164)	Unchanged
Regulation 163 (formerly Reg. 165)	Unchanged
Regulation 164 (formerly Reg. 166)	The wording has been altered slightly to improve clarity
Regulation 165 (formerly Reg. 167)	The wording has been altered slightly to improve clarity
Regulation 166 (formerly Reg. 168)	The wording has been altered to improve clarity
Regulation 167 (formerly Reg. 170)	The wording has been altered to improve clarity
Regulation 168 (formerly Reg. 171)	The wording has been altered slightly to improve clarity
Regulation 169 (formerly Reg. 172)	Unchanged
Regulation 170 (formerly Reg. 173)	Unchanged
Regulation 171 (formerly Reg. 174)	It is now made clear that the scheme manager may only withhold pension that exceeds the guaranteed minimum.
Regulation 172 (formerly Reg. 175)	The wording has been altered to improve clarity
Regulation 173 (formerly Reg. 176)	The wording has been altered to improve clarity
Regulation 174 (formerly Reg. 177)	The wording has been altered to improve clarity
Regulation 175 (formerly Reg. 178)	The wording has been altered slightly to improve clarity
Regulation 176 (formerly Reg. 179)	The wording has been altered slightly to improve clarity
Regulation 177 (formerly Reg. 180)	The wording has been altered slightly to improve clarity
Regulation 178 (formerly Reg. 181)	Unchanged
Regulation 179 (formerly Reg. 182)	Unchanged
Regulation 180 (formerly Reg. 183)	Unchanged
Regulation 181 (formerly Reg. 184)	The wording has been altered to improve clarity
Regulation 182 (formerly Reg. 185)	The wording has been altered to improve clarity
Regulation 183 (formerly Reg. 186)	Unchanged
Regulation 184 (formerly Reg. 187)	The wording has been altered slightly to improve clarity
Regulation 185 (formerly Reg. 188)	The wording has been altered slightly to improve clarity
Regulation 186 (formerly Reg. 189)	Unchanged
Regulation 187 (formerly Reg. 127)	Unchanged
Schedule 1 Part 1	Additional definitions have been added to assist understanding of the Schedule
Part 2	The wording has been altered to improve clarity
Schedule 2 Part 1	Additional definitions have been added to assist understanding of the Schedule. The meaning of “tapered protection closing date” is set out in more detail by reference to the tables at Part 4.
Parts 2 and 3	These Parts have been re-cast to give a clearer explanation of the position regarding the full and

	tapered protection measures being granted to a large proportion of the existing membership of the Scheme.
Part 4	The dates set out in this Part have not been altered.
Removed regulations	The provisions on the employer cost cap (formerly Regulations 150 – 152) have been moved to the draft Firefighters' Pension Scheme (Amendment) (Governance) (England) Regulations 2015.

Annex C

Employee contributions from April 2015

- 1.1. The final employee contribution rates to apply in the Firefighters' Pension Scheme 2015 are set out below. The existing tariffs for the Firefighters' Pension Schemes 1992 and 2006 will remain in force for members of those schemes from April 2015.

2015 Scheme	2015-16 rate
£0 and up to £27,000	10.0%
Over £27,000 and up to £50,000	12.2%
Over £50,000 and up to £142,500	13.5%
Over £142,500	14.5%

2015 scheme	2016-17 rate
£0 and up to £27,270	10.0%
Over £27,270 and up to £50,500	12.5%
Over £50,500 and up to £142,500	13.5%
Over £142,500	14.5%

2015 scheme	2017-18 rate
£0 and up to £27,543	10.5%
Over £27,543 and up to £51,005	12.7%
Over £51,005 and up to £142,500	13.5%
Over £142,500	14.5%

2015 scheme	2018-19 rate
£0 and up to £27,818	11.0%
Over £27,818 and up to £51,515	12.9%
Over £51,515 and up to £142,500	13.5%
Over £142,500	14.5%

